

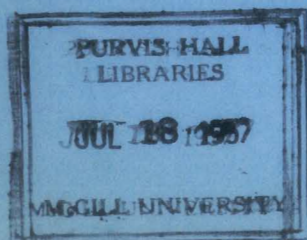
ANNUAL REPORT

— OF THE —

CANADIAN NATIONAL RAILWAY
SYSTEM

FOR THE YEAR ENDED DECEMBER 31, 1931

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CANADIAN NATIONAL RAILWAYS

DIRECTORS

** *SIR HENRY W. THORNTON, K.B.E., CHAIRMAN.....	MONTREAL, QUE.
** *MR. GERARD RUEL, K.C.....	MONTREAL, QUE.
** *MR. V. I. SMART.....	OTTAWA, ONT.
MR. TOM MOORE.....	OTTAWA, ONT.
HON. M. KENNEDY.....	BREADALBANE, P.E.I.
MR. JAMES T. CUMMING.....	NEW GLASGOW, N.S.
*MR. GEORGE HENDERSON.....	MONTREAL, QUE.
*MR. J. EDOUARD LABELLE, K.C.....	MONTREAL, QUE.
*MR. LUCIEN MORAUD, K.C.....	QUEBEC, QUE.
MR. JOHN D. PALMER.....	FREDERICTON, N.B.
*MR. F. K. MORROW.....	TORONTO, ONT.
MR. GORDON F. PERRY.....	TORONTO, ONT.
*MR. W. A. BOYS, K.C.....	BARRIE, ONT.
MR. S. E. RICHARDS, K.C.....	WINNIPEG, MAN.
MR. J. FYFE-SMITH.....	VANCOUVER, B.C.
MR. R. BYRON HORNER.....	BLAINE LAKE, SASK.
MR. JAMES RAMSEY.....	EDMONTON, ALTA.

EXECUTIVE OFFICERS

PRESIDENT.....	SIR HENRY W. THORNTON, K.B.E.
VICE-PRESIDENT—Legal Department.....	MR. GERARD RUEL, K.C.
VICE-PRESIDENT—Operation & Construction.....	MR. S. J. HUNGERFORD
VICE-PRESIDENT—Purchases & Stores.....	MR. R. C. VAUGHAN
VICE-PRESIDENT—Finance & Accounting.....	MR. D. C. GRANT
VICE-PRESIDENT—Traffic.....	MR. R. L. BURNAP
VICE-PRESIDENT—Western Region.....	MR. A. E. WARREN
SECRETARY & ASSISTANT TO CHAIRMAN.....	MR. R. P. ORMSBY

The Executive Committee of the Board of Directors is
indicated by*

The Finance Committee of the Board of Directors is
indicated by**

Montreal, March 24th, 1932

To the Honourable R. J. Manion, M.D., M.P.,
Minister of Railways and Canals,
Ottawa, Ontario.

Sir:—

On behalf of the Board of Directors, I have the honour to transmit the report of operations and affairs of the Canadian National Railway System for the calendar year 1931. The report consists of three sections as follows:

- (1) The financial results and statistics of the Canadian National Railway System excluding Eastern Lines.
- (2) Financial results and statistics of the Eastern Lines as defined by the Maritime Freight Rates Act 1927.
- (3) Combined income statement of the System including Eastern Lines.

The consolidated balance sheet and the schedules thereto include the Eastern Lines with the exception that, in accordance with the provisions of the Maritime Freight Rates Act, deficits resulting from the operation of the Eastern Lines have been excluded from the Canadian National results. The accounts have been examined by chartered accountants representing the Dominion Government and have been certified to as exhibiting a true and correct view of the affairs of the System.

For the third successive year the operations of the Canadian National System reflect the effect of the world-wide business depression, which first appeared in July 1929. Since that date the trend of traffic receipts has been continuously downward. The year 1929 showed a decrease as compared with the previous year of 5.53%; the year 1930 was 17.22% below 1929; the year 1931 20.28% below that of 1930. The operations of the System at the close of 1931 reached a level of 37.65% below 1928. The depression is so wide and involved that a discussion of its causes and suggested remedies can form no part of this report. It is sufficient to say that the depression is probably without parallel in its intensity, and as a result those responsible for the administration of the property have been faced with a problem of unprecedented difficulty in adjusting services and expenditures to the rapidly changing traffic conditions.

The operating revenues during the year 1931 showed a reduction of \$45,095,810.15 as compared with the previous year, a decrease of 20.3%, closely in conformity with the experience of the more important railways on the North American Continent which showed a decrease of 20.7%. To cope with such a decrease in traffic, following substantial decreases in the two previous years, while at the same time to maintain the property in reasonably efficient condition and to provide transportation services essential to the country, called for extraordinary measures of economy. Salaries, rates of wages and hours have been reduced; the staff of employees has been decreased; many agency stations have been closed; a severe curtailment of train service has been instituted and capital expenditures have been curtailed. A programme of extraordinary economies was introduced progressively as the situation developed and the effect will be manifested more completely in 1932 than in the year under review. The management has so far endeavoured to avoid the accumulation of such deferred maintenance as might constitute a serious future liability on the property.

The effective budgetary control of expenses inaugurated during the previous year, was further strengthened in 1931 by the formation of a Finance Committee composed of three directors expressly charged with the close scrutiny of all expenditures, and it may be said that all officers and employees of the Company are aware of the dangers and difficulties arising from the present situation, and are loyally and continually devoting their best efforts to secure a maximum of economy.

There was a decrease in operating expenses of \$26,085,904.93, 13.3% as compared with 1930. The average reduction in expense of Class 1 roads in the United States was 17.9%, and as it is more difficult for a system with low traffic density than for a system with high traffic density to reduce expenses, the percentage reduction achieved by the National System during the year 1931 compares favourably with the experience of Class 1 roads of the United States which enjoy twice the traffic density of the Canadian National System. There is, of course, a vast difference in the extent to which operations of railways, as compared with other industries, can be curtailed. In times of depression most industries can close unprofitable branches to effect a necessary reduction in expenses, as there is always a close relationship between production and consumption; on the contrary a railway must give a reasonable service to the public each day throughout the year, if serious inconvenience is to be avoided.

While conditions arising from the depression have had a profound effect upon Canadian business, and have produced a crisis in transportation affairs presently under review by a Royal Commission, it should

be remembered that Canada is favoured among the nations of the world; that the future of our country rests upon sound foundations, that its potential resources are unimpaired.

The following is a summary of revenues and expenses for the calendar year 1931 compared with 1930:

Revenue				
	1931	1930	Decrease	%
Freight.....	\$133,217,349.00	\$164,304,476.57	\$31,087,127.57	18.92
Passenger.....	19,656,958.00	28,096,824.19	8,439,866.19	30.04
Express.....	9,491,132.10	11,499,676.52	2,008,544.42	17.47
Mail.....	2,925,688.00	3,099,604.46	173,916.46	5.61
Other.....	11,982,610.90	15,368,966.41	3,386,355.51	22.03
Total.....	\$177,273,738.00	\$222,369,548.15	\$45,095,810.15	20.28
Expenses				
Maintenance of Way and Structures.....	34,796,190.98	39,862,266.30	5,066,075.32	12.71
Maintenance of Equipment.....	38,259,945.61	43,197,001.37	4,937,055.76	11.43
Traffic.....	6,643,500.18	7,731,435.30	1,087,935.12	14.07
Transportation.....	81,984,650.76	96,382,951.82	14,398,301.06	14.94
Miscellaneous Operations.....	1,536,330.43	2,237,688.00	701,357.57	31.34
General.....	7,408,784.43	7,722,773.98	313,989.55	4.07
Transportation for Investment <i>Credit</i>	941,393.92	1,360,203.37	418,809.45	30.79
Total.....	\$169,688,008.47	\$195,773,913.40	\$26,085,904.93	13.32
Net Earnings.....	\$7,585,729.53	\$26,595,634.75	\$19,009,905.22	
Percentage of Operating Expenses to Gross Revenue.....	95.72%	88.04%		

Operations of the present consolidated Canadian National System began on January 1, 1923, and with the object of furnishing a basis for a clear understanding of what has happened since that date the cash receipts and expenditures, excluding non-cash bookkeeping transactions, largely applicable to prior periods, may be summarized as follows:

Receipts		Jan. 1, 1923- Dec. 31, 1931
Net system earnings before appropriations and interest on funded debt.....		\$254,437,554.54
Increase in long-term funded debt less discount and refunding.....		457,564,286.36
Loans from the Dominion of Canada.....		97,460,270.35
Short-term loans.....		35,008,250.94
Appropriations from public funds for capital expenditures on Canadian Government Rys.		5,729,298.44
Reduction in cash and working capital.....		16,853,136.06
		<u>\$867,052,796.69</u>
Expenditures		
Interest charges on long-term funded debt held by the Public.....		\$386,537,381.35
Net additional capital expenditures.....		419,669,620.64
Investment in affiliated companies.....		36,675,835.08
Investment in sinking and insurance funds.....		24,169,959.62
		<u>\$867,052,796.69</u>

REVENUES ^{127.}

The decline in freight revenues amounted to \$31,087,127.57, 18.92%. Every major group of commodities showed declines in tonnage. Products of agriculture decreased 3.6%, products of animals 8.7%, of mines 30.0%, of forests 38.7%, manufactures and miscellaneous 23.0%,—total of all commodities 23.6%.

The Canadian grain crop in 1931 was much below normal, although in the northern sections of the Provinces of Alberta and Saskatchewan a heavy crop of good quality was harvested. On our Western Region 108,989 cars of grain were loaded; of these 80,885 moved to lake head, and 23,508 to the Pacific Coast. A new outlet was established for export grain following the completion of the elevator at Churchill, and we handled 345 cars of wheat with a total of 545,000 bushels through this port. The elevator facilities at Churchill were found to be satisfactory and the masters of the two vessels transporting the grain from Churchill reported an uneventful journey to London.

A very considerable reduction in demand for Canadian newsprint paper resulted in the closing completely or operating on short time of a number of newsprint mills. It is estimated that the production of Canadian newsprint mills in 1931 was only 58.1% of capacity.

The curtailment of activity in industrial plants considerably reduced the demand for coal and coke, and in addition the effect of water competition was keenly felt, and was further strengthened by the enlargement of the Welland Canal.

The increased tendency to use the all-water route through the Panama Canal for the transportation of raw silk has seriously reduced our earnings on this traffic.

Passenger revenues showed a decrease of \$8,439,866, 30.04% as compared with 1930. This decrease reflects the depressed conditions, the severe curtailment of train service instituted as a measure of economy, and increased motor vehicle competition.

During the year special week-end fares were inaugurated, round trip tickets being sold at single fare and one quarter for journeys made on the going trip from Friday noon to Sunday noon, returning up to and including Monday. A corresponding basis of fares was applied for Christmas and New Year's holidays, this constituting a partial return to a practice in effect up to the War, but which has not been followed for many years past.

Express revenues show a decrease of \$2,008,544, 17.47%. The fish traffic from the Maritime Provinces was lighter than usual and the same was true of the Pacific Coast halibut movement. The fruit traffic was affected by adverse weather and economic conditions. Express traffic is particularly vulnerable to motor vehicle competition, the effect of which was intensified during the year.

Telegraph revenues decreased \$1,086,032, 20.6%, ascribable to decreased business activity.

Motor vehicle competition by private automobile, bus and motor truck has made serious inroads into the railway's traffic. The management of the National System is fully in accord with a policy of good highways in this country, but it is becoming increasingly evident that relatively unrestricted and unregulated use of these highways for commercial purposes will, if continued, have serious repercussions. The commercial motor vehicle has a legitimate and economic usefulness in the modern transportation field, but the major portion of the all-year-round transportation burden must remain with the railways. The use of the motor vehicle beyond its proper economic sphere can have no other effect than to increase the total cost of transportation to the citizens of Canada.

OPERATING EXPENSES

The severe decline in traffic, which continued in 1931 and brought the operations of the System to a point where the traffic density was but 703,099 ton miles and 35,338 passenger miles per mile of road, a condition unprecedented since pre-war times, required extraordinary measures to control operating expenses. It is gratifying to note that the measures of economy which were instituted have not resulted in a deterioration of the property, which has been maintained at a standard reasonably consistent with safe and efficient operation. It is notable that notwithstanding the fact that freight traffic density was 15% below that of 1930, gross ton miles per train hour increased from 20,800 to 22,600, and the average train load from 1,477 gross tons to 1,494 tons. The reduction in consumption of fuel per thousand gross ton miles in freight service continued in 1931 to show the progressive improvement which has been manifested each year since the formation of the System, and in 1931 reached the figure of 117 pounds per thousand gross ton miles, a reduction of 25 pounds from the performance of 1923. Passenger train miles were reduced in the year by 3,250,000 as compared with 1930 and by 3,750,000 as compared with 1929. The substantial reductions in passenger train service which took effect in the summer and again in the fall of 1931 are not, of course, fully reflected in the year's operation.

It is notable that \$14,398,301, or 55.2% of the total reduction in operating expenses was effected in transportation expenses, which largely reflect the cost of moving traffic. Per diem charges for the use of foreign car equipment are closely related to transportation expenses, and efforts to reduce this item of expense have had gratifying results, such charges being \$1,204,496 less than in the previous year.

Maintenance of Way and Structures expenses show a reduction of \$5,066,075, or 12.7% as compared with 1930. Tie renewals averaged 327 per mile and 538.09 miles of rail were renewed with the same or heavier type rail.

Maintenance of Equipment expenses show a reduction of \$4,937,056, 11.4% as compared with 1930. The locomotive and car equipment of the System was maintained in good condition, 78.1% of locomotives and 92.2% of freight cars being serviceable December 31, 1931, as compared with 78.2% and 92.8% respectively in December 1930.

Traffic expenses show a reduction of \$1,087,935.12, 14.07%, expenses of outside agencies were reduced by \$350,839, advertising by \$313,920, and colonization and immigration by \$152,658.

Miscellaneous and general expenses show a reduction of \$1,015,347. Dining and buffet services were reduced \$683,384, general officers and staff and expenses were reduced \$400,963.

The reduction of \$26,085,905 in operating expenses may be divided as between:

Labour.....	\$14,681,110
Material and Miscellaneous.....	11,404,795

HOTEL OPERATIONS

Hotel operations resulted in an operating deficit of \$198,765, after the payment of \$102,863 in taxes. At the Chateau Laurier there was an increase in revenues over the previous year, and after payment of \$51,680 in taxes there was an operating profit of \$115,761.

INSURANCE

The investments of the Fire and Marine Self Insurance Fund applicable to Canadian National Railways properties reached a total of \$11,110,835, at the end of 1931. The satisfactory position of this Fund made it possible to charge approximately the same premiums as were charged in 1930; the income of the Fund being more than sufficient to meet the losses.

LAND SALES

During the year 8,349 acres of Canadian National lands were sold at an average price of \$11.66 per acre, as compared with 30,402 acres sold at an average of \$13.12 per acre in 1930. This decrease was due to the depressed conditions and low prices for agricultural products.

CAPITAL EXPENDITURES

The policy regarding capital expenditures was, on the one hand, influenced by motives of economy, and, on the other, by a desire to relieve unemployment. The programme of capital expenditures approved by Parliament for the year amounted to \$49,193,863 and included \$9,425,477 of work which was to be undertaken under the provisions of the Unemployment Relief Act of 1930. However, as the financial condition of the railway became more critical it became necessary to curtail capital expenditures; many projects were deferred and work on others was either retarded or suspended. The principal uncompleted capital work is the Montreal Terminals, and work on this project was suspended on October 3, 1931.

The net expenditure on capital account for the System including Eastern Lines amounted to \$34,287,067.04 during the year. The following work was done on the 1929-1932 branch line programme:

	Miles
Grading.....	82.22
Track laid.....	91.28
Ballasted.....	83.06
Telegraph Line.....	127.42
Fencing.....	167.84

Work on the Vancouver and Saskatoon hotels was continued; operations being controlled however by the necessary curtailment of capital expenditures. The new passenger station at Hamilton, Ontario was opened on May 28, 1931 with appropriate ceremonies.

Expenditures for new equipment during the year amounted to \$14,627,545, the units acquired being 23 locomotives, 4,304 freight cars, 11 passenger cars, and 8 units of work equipment. Of these, 23 locomotives and 508 cars were constructed in shops of the National System.

Retirements of equipment during the year were 53 locomotives, 2,945 freight cars, 11 passenger cars, and 170 work equipment units. The original cost of this retired equipment was \$4,204,509 of which amount \$3,540,267 was charged to the year's operating expenses and the balance was debited to working capital.

On July 26, 1931 the new ice-breaking car ferry Charlottetown was put in service between Cape Tormentine, N.B. and Borden, P.E.I.

Purchases and Stores

Material and supplies inventories were considerably reduced during the year. The prices of commodities purchased by the Railway were somewhat lower than in the previous year. The policy of using Canadian made goods, so far as possible, is being continued.

Agricultural Credits

In the Annual Report covering the operations of the Railway for 1930, it was indicated that consideration was being given to participation by the National System in the Dominion Agricultural Credit Company, Limited. During 1931 the formation of this company was completed and the Canadian National Railways subscribed for 5,000 shares of the capital stock of the par value of \$100. each. This subscription was duly approved by Order-in-Council. On December 31, 1931, calls had been made for \$50,000 on account of this subscription. The understanding is that a subscription for a similar amount of stock has been made by the Canadian Pacific Railway Company. A Member of the Canadian National Directorate will accept a position on the Board of Directors of this Credit Company representing the Canadian National Railways.

Finance

Public financing done by the Canadian National Railways during the year 1931 was as follows:

Issue of \$70,000,000.00 of $4\frac{1}{2}\%$ Twenty-five Year Guaranteed Gold Bonds, dated February 1st, 1931.

Issue of \$50,000,000.00 of $4\frac{1}{2}\%$ Twenty Year Guaranteed Gold Bonds, dated September 1st, 1931.

The above issues were authorized under various Acts of Parliament relating to the Canadian National Railways.

During the year retirement of Funded debt amounted to \$12,314,398.68.

Agreements

Towards the close of 1931 an agreement was made between the Canadian National Railways, the Canadian Pacific Railway and the Canadian Pacific Steamships, which provided for co-operation in respect to the handling of foreign traffic. Among other conditions the agreement provides for the greater use of the trans-Atlantic vessels of the Canadian Pacific Steamships by the Canadian National Railways, and also for the establishment of Halifax as a port of call, both eastbound and westbound, by the Canadian Pacific vessels during the winter months, with certain minor exceptions. It is believed that this agreement will prove profitable to both companies.

An advantageous agreement was entered into during the year whereby the Pennsylvania Railroad will have a joint interest in the car ferries on Lake Michigan and in the ferry termini at Muskegon and Milwaukee. A new company named the Grand Trunk-Pennsylvania Transportation Company has been formed to carry on these joint operations. The National System has subscribed to \$50,000 par value of the capital stock of this Company and is to receive \$2,390,000 in $5\frac{1}{2}\%$ bonds for the property to be transferred to the new company.

Toronto-Guelph Electric Line

Following upon a lengthy period of inadequate operating revenues, notice was served upon the public August 1, 1931, that service would be discontinued on this line (the Toronto Suburban Railway) as of August 15, 1931, and the property was abandoned to the security holders.

Northern Alberta Railways

The Canadian National Railways are joint owners with the Canadian Pacific of the Northern Alberta Railways Company. The operations of this property during 1931 resulted in a net loss of \$1,142,354.99, of which amount the National System proportion is \$571,177.49. During the year further construction was carried on in accordance with the arrangements made when the lines were taken over from the Alberta Government. The total capital expenditures on the Northern Alberta Railways amounted to \$378,785. This includes \$280,601 for an extension of the line Dawson Creek to Hines Creek.

Pension and Superannuation

Under the provisions of the Canadian National Railways Pension Act (non-contributory) there were retired during the year, 598 employees. The number deceased in 1931 who were in receipt of pension totalled 190. Total number receiving pension under this Act is 2,476.

Under the provisions of the Grand Trunk Railway of Canada Superannuation and Provident Fund Association, a contributory fund which was closed to new members in 1908, 25 members of the staff were retired during the year 1931. The number of members deceased during the year was 6. The number in receipt of superannuation under this Fund is 112.

Under the Intercolonial and Prince Edward Island Railways Employees' Provident Fund Act (a contributory plan, closed to new membership in 1929) there were retired during the year, 187 members of the staff. The number deceased during the year who were receiving superannuation under this Act totalled 92. The number in receipt of superannuation from this fund now totals 1,400.

Vice-Presidents Retired

Mr. W. D. Robb, Vice-President in charge of Telegraphs, Colonization, Natural Resources, Radio, Insurance, etc. retired during the year after 60 years service. The Vice-Presidency held by Mr. Robb was abolished and the duties performed by him distributed among other officers of the System.

Mr. C. J. Smith, Vice-President in charge of European Traffic and Colonization Department, with headquarters at London, England, also retired and this Vice-Presidency was likewise abolished.

Wages and Labour

The average number of employees on the Railway, including Eastern Lines, was 91,416 in 1931 as compared with 101,046 in 1930, a decrease of 9.53%. The payments to operating labour on the Canadian National Railways System, including Eastern Lines, during 1931, totalled \$126,950,841, a reduction of 11.44% as compared with 1930. Of each dollar spent by the Railway, 63 $\frac{2}{3}$ cts. were expended in payment of labour.

As a measure of economy, main repair shops on our lines were closed for one week during the months of July and August, and effective September 1st a reduction of 10% was made in working hours, reducing the hours to an average of 36 instead of 40 per week.

During the year a time reduction plan of one-half day per week without pay was, by mutual agreement, applied to the following forces:

Clerks and certain other classes covered by schedule—effective August 1st,

Non-schedule clerical forces (including all monthly rated employees earning less than \$4,000 per annum)—August 1st,

Maintenance of Way and Bridge and Building Forces—October 16th,

Telegraph Department Employees—August 16th,

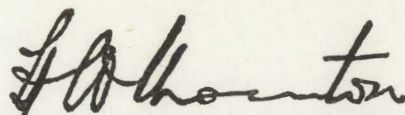
Signal Department Employees—December 16th.

Effective August 1st, following a resolution of the Board of Directors, a reduction of ten percent was made in salaries of all officers and employees earning \$4,000 or over per annum.

A Board of Conciliation under the Industrial Disputes Investigation Act made a majority award on November 30th in favour of a 10% reduction in the compensation of the running trades and telegraphers, such reduction to apply to all wages earned after November 15th, 1931. This reduction was applied by the Canadian National and the Canadian Pacific Railways, but the employees claimed that it was illegal to make the reduction retroactive, and after negotiations the reduction was made effective as from December 1, 1931.

Although it was necessary to apply for the establishment of a Board of Conciliation in connection with the wages of the running trades and telegraphers, relations during the year with our different classes of employees have remained cordial.

On behalf of the Board and the Executive, I again desire to thank all officers and employees for the loyal and efficient services during the past year.



Chairman and President.

INCOME STATEMENT

	Year ending December 31, 1931	Year ending December 31, 1930
Railway Operating Revenues.....	\$177,273,738.00	\$222,369,548.15
Railway Operating Expenses.....	169,688,008.47	195,773,913.40
Net Revenue from Railway Operations.....	\$7,585,729.53	\$26,595,634.75
Railway Tax Accruals.....	\$5,465,451.06	\$5,709,977.31
Uncollectible Railway Revenues.....	41,984.14	39,095.95
Railway Operating Income.....	\$2,078,294.33	\$20,846,561.49
Revenues from Hotel Operations.....	\$2,485,433.26	\$2,923,402.41
Expenses of Hotel Operations.....	2,581,334.78	2,949,784.45
Taxes on Hotel Property.....	102,863.58	100,458.75
Hotel Operating <i>Deficit</i>	\$108,765.10	\$126,840.79
Total Operating Income.....	\$1,879,529.23	\$20,719,720.70
Rent from Locomotives.....	\$422,423.41	\$314,466.60
Rent from Passenger Train Cars.....	732,910.61	672,446.05
Rent from Floating Equipment.....	349.07	1,613.59
Rent from Work Equipment.....	241,097.41	341,718.89
Joint Facility Rent Income.....	1,480,185.10	1,339,022.36
Income from Lease of Road.....	15,712.20	21,904.80
Miscellaneous Rent Income.....	971,153.17	974,808.73
Miscellaneous Non-operating Physical Property.....	120,938.17	231,987.39
Dividend Income.....	600,497.40	1,067,172.40
Income from Funded Securities.....	1,255,900.48	1,080,208.21
Income from Unfunded Securities and Accounts.....	3,758,508.43	3,390,820.39
Income from Sinking and Other Reserve Funds.....	1,106,732.97	1,039,592.66
Contributions from Others.....	100,000.00	100,000.00
Miscellaneous Income.....	1,110,104.13	202,464.13
Total Non-operating Income.....	\$11,916,512.55	\$10,778,226.20
Gross Income.....	13,796,041.78	\$31,497,946.90
Hire of Freight Cars—Debit Balance.....	\$374,273.44	\$1,578,769.60
Rent for Locomotives.....	114,523.15	53,313.51
Rent for Passenger Train Cars.....	350,068.84	379,037.81
Rent for Floating Equipment.....	13,616.45	13,654.36
Rent for Work Equipment.....	34,842.23	55,761.38
Joint Facility Rents.....	2,009,467.12	1,837,093.55
Rent for Leased Roads.....	1,326,194.76	1,307,659.82
Miscellaneous Rents.....	309,684.03	315,952.01
Miscellaneous Tax Accruals.....	113,773.73	120,141.30
Separately Operated Properties—Loss.....	1,805,340.88	880,290.09
Interest on Unfunded Debt.....	1,357,650.93	2,288,400.41
Amortization of Discount on Funded Debt.....	852,966.51	690,756.83
Miscellaneous Income Charges.....	2,086,920.31	141,749.51
Miscellaneous Appropriations of Income.....	77,249.20	73,687.85
Total Deductions from Gross Income.....	\$10,826,571.58	\$9,736,268.03
Net Income before Int. on Long Term Debt and Int. on Dom. Gov. Loans ..	2,969,470.20	21,761,678.87
Interest on Long Term Debt.....	\$55,214,977.47	\$50,922,837.49
Net Income <i>Deficit</i> before Interest on Dominion Government Loans.....	\$52,245,507.27	\$29,161,158.62
Interest on Dominion Government Loans.....	32,017,211.04	32,067,462.53
Net Income <i>Deficit</i>	\$84,262,718.31	\$ 61,228,621.15

J. B. McLAREN,
Comptroller

The above is the Income Account referred to in our certificate dated 15th March, 1932.

GEORGE A. TOUCHE & CO.,
Chartered Accountants

PROFIT AND LOSS ACCOUNT, 1931

CREDITS:

Profit on Road and Equipment Sold	\$49,134.14
Unrefundable Overcharges	4,176.37
Donations	56,024.43
Miscellaneous Credits	802,567.12
TOTAL CREDITS:	\$911,902.06

DEBITS:

Surplus applied to Sinking and Other Reserve Funds	\$1,906.00
Surplus appropriated for Investment in Physical Property	14,193.19
Miscellaneous Appropriations of Surplus	52,306.47
Loss on Retired Road and Equipment	2,546,711.91
Miscellaneous Debits	802,654.60
Adjustment of Land Surplus Account	3,171,728.31
TOTAL DEBITS:	\$6,585,688.48

Net Profit and Loss Items <i>Debit</i>	\$5,673,786.42
Net Income <i>Deficit</i>	52,245,507.27
	\$57,919,293.69
Interest on Dominion Government Loans	32,017,211.04
Change in Surplus during year	\$89,936,504.73
Balance at January 1st, 1931	\$579,755,822.30
Balance at December 31st, 1931, (See Note Below)	\$669,692,327.03

J. B. McLAREN,
Comptroller.

The above is the Profit and Loss Account referred to in our certificate dated 15th March, 1932.

GEORGE A. TOUCHE & CO.,
Chartered Accountants

NOTE:

Interest due Government	\$354,173,113.03
Balance	315,519,214.00
Balance at December 31, 1931	<u>\$669,692,327.03</u>

CONSOLIDATED BALANCE SHEET

ASSETS

INVESTMENTS:

Investment in Road and Equipment.....	\$2,137,388,433.39	
Improvements on Leased Railway Property	3,627,301.90	
Sinking Funds:	19,708,598.26	
System Securities at par.....	\$16,611,802.40	
Other Assets at Cost.....	3,096,795.86	
Deposits in lieu of Mortgaged Property Sold:	4,954,224.49	
System Securities at par.....	\$918,500.00	
Other Assets at Cost.....	4,035,724.49	
Miscellaneous Physical Property.....	60,410,640.75	
Investments in Affiliated Companies	28,094,691.90	
Other Investments:	2,301,088.40	
System Securities at par.....	\$179,000.00	
Other Assets at Cost.....	2,122,088.40	
		\$2,256,484,979.09

CURRENT ASSETS:

Cash.....	\$12,338,890.16	
Special Deposits.....	6,528,976.02	
Traffic and Car-Service Balances Receivable.....	833,261.21	
Net Balances Receivable from Agents and Conductors.....	4,277,767.12	
Miscellaneous Accounts Receivable.....	7,601,570.91	
Dominion Government—Operating Deficit on Eastern Lines.....	2,394,906.30	
Material and Supplies.....	39,961,849.86	
Interest and Dividends Receivable.....	822,241.03	
Rents Receivable.....	53,943.65	
Other Current Assets.....	880,644.12	75,694,050.38

DEFERRED ASSETS:

Working Fund Advances.....	\$263,066.55	
Insurance and Other Funds:	11,125,973.18	
System Securities at par.....	\$2,123,412.53	
Other Assets at Cost.....	9,002,560.65	
Other Deferred Assets.....	8,392,497.40	19,781,537.13

UNADJUSTED DEBITS:

Rents and Insurance Premiums paid in Advance.....	\$216,690.40	
Discount on Capital Stock.....	189,620.00	
Discount on Funded Debt.....	16,309,411.81	
Other Unadjusted Debits.....	5,416,372.25	22,132,094.46
		<u>\$2,374,092,661.06</u>

AT DECEMBER 31, 1931.

LIABILITIES			
STOCKS:			
Capital Stocks owned by Dominion Government.....	\$265,628,338.70		
Capital Stocks owned by Public.....	4,592,625.00	\$270,220,963.70	
Stock Liability for Conversion.....		10,600.00	\$270,231,563.70
GOVERNMENTAL GRANTS:			
Grants in Aid of Construction.....			17,153,637.77
LONG TERM DEBT:			
Funded Debt Unmatured.....			1,276,457,206.77
DOMINION OF CANADA ACCOUNT:			
Loans from Dominion of Canada.....	\$604,406,239.42		
Interest on above accrued but unpaid.....	354,173,113.03		
Appropriations for Canadian Government Railways.....	405,209,240.07		1,363,788,592.52
CURRENT LIABILITIES:			
Loans and Bills Payable—Minister of Finance.....	\$35,008,250.94		
Traffic and Car-Service Balances Payable.....	2,961,805.77		
Audited Accounts and Wages Payable.....	14,041,300.38		
Miscellaneous Accounts Payable.....	2,433,522.93		
Interest Matured Unpaid.....	7,866,495.81		
Funded Debt Matured Unpaid.....	28,960.45		
Unmatured Interest Accrued.....	11,213,285.31		
Unmatured Rents Accrued.....	385,058.50		
Other Current Liabilities.....	114,484.09		74,053,164.18
DEFERRED LIABILITIES:			
Other Deferred Liabilities.....			4,565,358.53
UNADJUSTED CREDITS:			
Tax Liability.....	\$2,477,299.23		
Insurance and Casualty Reserves.....	11,110,835.68		
Accrued Depreciation—Road..... U.S. Lines	2,662,300.23		
Accrued Depreciation—Equipment..... U.S. Lines	12,199,863.97		
Accrued Depreciation—Miscellaneous Physical Property..... U.S. Lines	1,229,799.45		
Other Unadjusted Credits.....	3,138,182.77		32,818,281.33
CORPORATE SURPLUS or Deficit:			
Additions to Property through Income and Surplus.....	\$659,852.25		
Funded Debt Retired through Income and Surplus.....	587,465.33		
Sinking Fund Reserves.....	915,952.14		
Appropriated Surplus.....	2,553,913.57		
Profit and Loss Balance—Deficit.....	669,692,327.03		664,975,143.74
			<u>\$2,374,092,661.06</u>

J. B. McLAREN,
Comptroller.

CERTIFICATE OF AUDITORS

We have examined the books and records of the Companies comprising the Canadian National Railway System for the twelve months ended the 31st December, 1931. The investments in Road and Equipment appearing in the books of the Companies as at the 1st January, 1923, were accepted by us.

We certify that, in our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the affairs of the System as at the 31st December, 1931, and we further certify that, in our opinion, the relative Income and Profit and Loss Accounts for the year ended the 31st December, 1931, are correctly stated.

GEORGE A. TOUCHE & CO.,
Chartered Accountants.

Dated at Montreal
15th March, 1932.

OPERATING REVENUES AND SUMMARY OF OPERATING EXPENSES

	Year ending December 31, 1931	Year ending December 31, 1930
OPERATING REVENUES:		
Freight.....	\$133,217,349.00	\$164,304,476.57
Passenger.....	19,656,958.00	28,096,824.19
Excess Baggage.....	105,055.50	151,263.45
Sleeping Car.....	1,216,975.56	1,587,291.98
Parlor and Chair Car.....	224,684.01	255,689.90
Mail.....	2,925,688.00	3,099,604.46
Express.....	9,491,132.10	11,499,676.52
Other Passenger—Train.....	58,655.35	76,897.96
Milk.....	571,711.58	661,782.69
Switching.....	2,022,686.95	2,542,835.94
Special Service Train.....	43,543.47	90,771.03
Other Freight Train.....	2,439.04	6,755.09
Water Transfers—Freight.....	8,080.80	10,017.50
Water Transfers—Passenger.....	6,566.99	10,269.99
Water Transfers—Vehicles and Live Stock.....	1.25	2.15
Water Transfers—Other.....	1,270.05	2,027.70
Dining and Buffet.....	961,598.62	1,351,818.52
Station, Train and Boat Privileges.....	104,264.78	142,141.79
Parcel Room.....	47,261.50	62,069.80
Storage—Freight.....	152,506.03	201,920.79
Storage—Baggage.....	20,576.27	34,765.09
Demurrage.....	244,138.63	418,839.51
Telegraph and Telephone.....	4,168,765.94	5,254,798.13
Grain Elevator.....	223,918.56	281,558.16
Power.....	2,548.95	3,362.70
Rents of Buildings and Other Property.....	287,397.99	299,643.10
Miscellaneous.....	1,169,854.51	1,301,481.60
Joint Facility—Credit.....	391,615.67	676,083.51
Joint Facility—Debit.....	53,507.10	55,121.67
Total.....	\$177,273,738.00	\$222,369,548.15
SUMMARY OPERATING EXPENSES:		
Maintenance of Way and Structures.....	\$34,796,190.98	\$39,862,266.30
Maintenance of Equipment.....	38,259,945.61	43,197,001.37
Traffic.....	6,643,500.18	7,731,435.30
Transportation.....	81,984,650.76	96,382,951.82
Miscellaneous Operations.....	1,536,330.43	2,237,688.00
General.....	7,408,784.43	7,722,773.98
Transportation for Investment—Credit.....	941,393.92	1,360,203.37
Total.....	\$169,688,008.47	\$195,773,913.40

MAINTENANCE OF WAY AND STRUCTURES EXPENSES

	Year ending December 31, 1931	Year ending December 31, 1930
Superintendence.....	\$3,199,510.55	\$3,392,724.38
Roadway Maintenance.....	4,425,562.06	4,773,595.67
Tunnels and Subways.....	75,301.64	46,742.34
Bridges, Trestles and Culverts.....	1,892,265.39	2,134,032.82
Ties.....	5,622,055.57	5,370,361.42
Rails.....	1,413,697.90	2,735,349.32
Other Track Material.....	1,413,191.84	1,867,617.35
Ballast.....	285,126.84	534,829.05
Track Laying and Surfacing.....	9,110,129.14	10,336,119.22
Right of Way Fences.....	338,247.12	412,839.02
Snow and Sand Fences and Snow Sheds.....	58,490.39	126,748.27
Crossings and Signs.....	531,804.04	557,787.65
Station and Office Buildings.....	1,315,323.57	1,457,422.99
Roadway Buildings.....	154,407.75	166,809.74
Water Stations.....	341,319.54	451,177.51
Fuel Stations.....	143,924.72	148,001.66
Shops and Enginehouses.....	929,165.72	1,342,213.54
Grain Elevators.....	4,434.68	2,096.69
Wharves and Docks.....	68,004.24	79,656.87
Coal and Ore Wharves.....	3,846.22	3,781.18
Telegraph and Telephone Lines.....	1,177,567.04	1,193,269.66
Signals and Interlockers.....	491,726.22	556,783.85
Power Plant Buildings.....	10,837.03	3,694.43
Power Substation Buildings.....	160.32	1,033.58
Power Transmission Systems.....	7,071.59	7,294.47
Power Distribution Systems.....	64,718.14	31,517.53
Power Line Poles and Fixtures.....	6,708.27	10,383.32
Miscellaneous Structures.....	2,654.09	3,371.74
Paving.....	89.10	344.72
Roadway Machines.....	198,596.45	230,894.30
Small Tools and Supplies.....	417,363.70	524,059.60
Removing Snow, Ice and Sand.....	1,073,552.51	1,333,791.11
Assessments for Public Improvements.....	38,122.93	74,490.06
Injuries to Persons.....	322,619.31	427,388.70
Insurance.....	77,413.24	77,830.77
Stationery and Printing.....	47,269.56	58,433.53
Other Expenses.....	35,575.77	14,076.81
Maintaining Joint Tracks, Yards & Other Facilities, Dr.....	507,873.64	642,487.49
" " " " " Cr.....	1,119,822.69	1,373,678.66
Depreciation—U.S. Lines only.....	110,285.84	109,985.98
Total.....	<u>\$34,796,190.98</u>	<u>\$39,862,266.30</u>

MAINTENANCE OF EQUIPMENT EXPENSES

	Year ending December 31, 1931	Year ending December 31, 1930
Superintendence.....	\$1,683,682.37	\$1,801,260.23
Shop Machinery.....	1,103,744.10	1,366,409.63
Power Plant Machinery.....	85,760.48	96,126.53
Power Substation Apparatus.....	564.21	924.74
Steam Locomotives—Repairs.....	12,767,584.62	14,498,355.66
Steam Locomotives—Retirements.....	545,723.40	290,774.21
Other Locomotives—Repairs.....	129,837.79	63,274.87
Freight Train Cars—Repairs.....	11,334,575.94	13,894,403.01
Freight Train Cars—Retirements.....	2,462,805.96	1,876,993.55
Passenger Train Cars—Repairs.....	4,652,441.88	5,344,183.42
Passenger Train Cars—Retirements.....	74,282.84	80,590.43
Motor Equipment of Cars—Repairs.....	139,348.12	185,988.01
Motor Equipment of Cars—Retirements.....	3,760.88	
Floating Equipment—Repairs.....	68,108.34	88,661.22
Floating Equipment—Retirements.....		1,664.84
Work Equipment—Repairs.....	903,452.91	1,244,148.12
Work Equipment—Retirements.....	64,105.24	66,986.70
Miscellaneous Equipment—Repairs.....	207,003.63	317,577.52
Miscellaneous Equipment—Retirements.....	1,201.62	2,391.88
Injuries to Persons.....	305,224.51	341,837.74
Insurance.....	206,091.87	172,248.66
Stationery and Printing.....	40,061.69	48,329.84
Other Expenses.....	24,833.53	19,260.94
Maintaining Joint Equipment, Dr.....	66,116.84	70,717.25
Maintaining Joint Equipment, Cr.....	169,865.28	194,669.53
Depreciation—U.S. Lines Only.....	1,559,498.12	1,518,561.90
Total.....	\$38,259,945.61	\$43,197,001.37

TRAFFIC EXPENSES

Superintendence.....	\$1,791,699.81	\$1,981,987.54
Outside Agencies.....	2,477,737.68	2,828,576.37
Advertising.....	945,936.92	1,259,856.49
Radio.....	278,849.65	363,914.85
Traffic Associations.....	99,595.89	100,593.65
Industrial Bureaus.....	127,750.11	135,420.13
Colonization, Agriculture and Natural Resources.....	373,675.01	526,333.95
Insurance.....	226.49	226.27
Stationery and Printing.....	411,596.47	380,948.46
Other Expenses.....	136,432.15	153,577.59
Total.....	\$6,643,500.18	\$7,731,435.30

TRANSPORTATION EXPENSES

	Year ending December 31, 1931	Year ending December 31, 1930
Superintendence.....	\$3,194,078.54	\$3,523,070.03
Dispatching Trains.....	1,187,765.70	1,303,030.13
Station Employees.....	12,913,372.12	14,625,070.19
Weighing, Inspection and Demurrage Bureaus.....	64,362.42	78,191.65
Coal and Ore Wharves.....		91.43
Station Supplies and Expenses.....	999,917.97	1,153,444.44
Yardmasters and Yard Clerks.....	2,452,991.80	2,765,089.61
Yard Conductors and Brakemen.....	3,735,349.84	4,562,259.29
Yard, Switch and Signal Tenders.....	538,293.53	604,595.83
Yard Enginemen.....	2,713,150.22	3,331,591.32
Yard Motormen.....	35,136.77	35,309.86
Fuel for Yard Locomotives.....	2,692,718.64	3,535,752.22
Yard Switching Power Produced.....	9,092.01	9,232.73
Yard Switching Power Purchased.....	61,740.43	59,402.26
Water for Yard Locomotives.....	155,101.52	176,764.15
Lubricants for Yard Locomotives.....	35,699.20	43,400.01
Other Supplies for Yard Locomotives.....	23,058.64	31,651.23
Enginehouse Expenses—Yard.....	1,289,780.52	1,442,421.82
Yard Supplies and Expenses.....	103,143.00	113,771.07
Operating Joint Yards and Terminals, Dr.....	1,149,501.36	1,500,523.88
Operating Joint Yards and Terminals, Cr.....	1,267,968.93	1,386,619.31
Train Enginemen.....	7,542,056.83	8,954,276.32
Train Motormen.....	128,413.65	119,268.82
Fuel for Train Locomotives.....	11,512,398.33	14,187,204.86
Train Power Produced.....	11,486.83	11,922.99
Train Power Purchased.....	36,648.62	34,844.78
Water for Train Locomotives.....	821,674.59	938,679.03
Lubricants for Train Locomotives.....	271,989.06	269,418.87
Other Supplies for Train Locomotives.....	113,443.78	151,816.29
Enginehouse Expenses—Train.....	3,106,554.13	3,318,970.52
Trainmen.....	8,381,136.11	10,015,862.46
Train Supplies and Expenses.....	4,753,594.75	5,356,395.54
Operating Sleeping Cars.....	859,342.00	1,048,709.33
Signal and Interlocker Operation.....	573,094.94	612,275.18
Crossing Protection.....	584,618.16	634,941.16
Drawbridge Operation.....	97,754.37	113,727.65
Telegraph and Telephone Operation.....	3,676,152.56	4,057,907.48
Operating Floating Equipment.....	621,861.70	729,581.62
Express Service.....	4,882,909.83	5,447,798.52
Stationery and Printing.....	404,604.97	501,409.85
Other Expenses.....	219,637.62	233,664.92
Operating Joint Tracks and Facilities, Dr.....	241,775.76	247,543.79
Operating Joint Tracks and Facilities, Cr.....	497,007.53	544,713.13
Insurance.....	73,578.49	70,316.31
Clearing Wrecks.....	170,038.85	251,276.09
Damage to Property.....	53,499.65	89,445.78
Damage to Live Stock on Right of Way.....	36,798.81	52,735.42
Loss and Damage—Freight.....	547,209.08	876,117.47
Loss and Damage—Baggage.....	2,691.30	5,634.38
Injuries to Persons.....	670,408.22	1,087,875.68
Total.....	\$81,984,650.76	\$96,382,951.82

MISCELLANEOUS OPERATING EXPENSES

	Year ending December 31, 1931	Year ending December 31, 1930
Dining and Buffet Service.....	\$1,453,323.16	\$2,136,707.22
Grain Elevators.....	33,747.55	42,155.74
Producing Power Sold.....	19,498.31	23,666.92
Other Miscellaneous Operations.....	29,761.41	35,158.12
Total.....	\$1,536,330.43	\$2,237,688.00

GENERAL EXPENSES

Salaries and Expenses of General Officers.....	\$834,775.60	\$951,969.66
Salaries and Expenses of Clerks and Attendants.....	3,315,044.01	3,485,141.97
General Office Supplies and Expenses.....	408,150.97	521,822.31
Law Expenses.....	474,757.55	495,488.01
Insurance.....	799.50	835.16
Relief Department Expenses.....	15,500.00	15,500.00
Pensions.....	1,760,154.08	1,507,377.20
Stationery and Printing.....	134,902.61	150,101.43
Valuation Expenses.....	97,966.97	111,283.13
Other Expenses.....	336,858.57	462,746.38
General Joint Facilities, Dr.....	40,026.97	30,435.47
General Joint Facilities, Cr.....	10,152.40	9,926.74
Total.....	\$7,408,784.43	\$7,722,773.98

**ADDITIONAL CAPITAL EXPENDITURE
ON
ROAD AND EQUIPMENT
LEASED PROPERTY
MISCELLANEOUS PHYSICAL PROPERTY**

	Expenditures Year 1931	Expenditures 9 years to December 31, 1931
ROAD:		
New Lines Constructed.....	\$5,390,256.89	\$73,256,570.37
New Lines Acquired.....	407,786.08	18,780,309.17
Montreal Terminal Development Chapter 12—1929.....	6,022,380.07	14,636,877.38
Toronto Viaduct.....	86,403.10	3,527,193.96
Wider Woodward Avenue, Detroit.....	446,592.62	5,468,835.03
Line Diversions and Revisions.....	272,552.86	4,133,736.48
Double Tracking.....	162,094.42	1,094,101.31
Rails and Fastenings.....	631,867.51	10,289,773.22
Tie Plates and Rail Anchors.....	612,371.73	12,370,799.05
Ballast.....	187,334.18	6,346,154.69
Widening Cuts and Fills and Scaling Rock Cuts.....	21,102.04	1,113,944.63
Ditching, Drainage and Sewers.....	7,254.44	1,320,021.89
Large Freight Terminals.....	652,669.76	5,966,464.74
Large Passenger Terminals.....	191,482.80	5,187,434.04
Yard Tracks and Sidings.....	6,851.05	14,789,138.33
Bridges, Trestles and Culverts.....	1,024,552.53	16,018,833.50
Crossing Protection, including Subways.....	875,792.37	10,001,864.95
Stations and Station Facilities.....	42,907.23	8,002,311.83
Water Supplies.....	14,002.61	1,971,530.89
Shops, Enginehouses and Machinery.....	18,908.88	10,104,336.53
Docks and Wharves.....	770,519.49	2,503,242.44
Signals and Interlockers.....	5,322.08	2,376,575.01
Telegraphs—Railway.....	64,064.71	2,377,159.41
Telegraphs—Commercial.....	219,509.32	5,960,759.94
Stores Department Buildings and Equipment.....	79,757.43	1,257,398.27
Assessments for Public Improvements.....	126,585.82	1,106,000.30
Land.....	6,869.27	7,977,405.62
General Additions and Betterments.....	892,274.45	4,681,604.48
Total.....	\$16,329,524.52	\$252,620,377.46
EQUIPMENT:		
Purchased or Built.....	\$14,627,545.54	\$141,833,533.63
Additions and Betterments.....	673,606.00	16,070,058.82
Retirements.....	4,204,509.62	31,907,426.54
Floating Equipment.....	1,048,579.27	4,651,519.07
Total.....	\$12,145,221.19	\$130,647,684.98
HOTELS:..... Total	\$5,473,456.27	\$22,153,824.08
SEPARATELY OPERATED PROPERTIES:		
General Additions and Betterments.....	291,915.80	4,902,588.75
Equipment:		
New Equipment.....	73,791.82	1,723,239.75
Additions and Betterments.....	.....	740,576.40
Retirements.....	17,053.54	267,563.50
Floating Equipment.....	9,189.02	7,148,892.72
Total.....	\$338,865.06	\$14,247,734.12
Total Additional Expenditures.....	\$34,287,067.04	\$419,669,620.64
Bookkeeping Transfers—not representing cash Expenditures.....	5,023,006.87	19,826,925.07
Change per Balance Sheet Accounts 701, 702 and 705.....	\$29,264,060.17	\$399,842,695.57

NOTE:— Expenditures include Central Vermont Railway Inc.,
from February 1st, 1930....\$401,205.44

FUNDED DEBT—PRINCIPAL AND INTEREST

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1931	Interest Accrued 1931	Interest Accrued 1930
GUARANTEED BY DOMINION GOVERNMENT:						
5% Perpetual Debenture Stock.....	G.T.R.....	1875 to 1883	Perpetual....	\$20,782,491.67	\$1,039,124.58	\$1,039,124.58
5% G.W. Per. Deb. Stock & Bonds..	G.T.R.....	1858 to 1876	Perpetual....	13,252,322.67	662,616.12	662,616.12
4% Perpetual Debenture Stock.....	G.T.R.....	1883 to 1918	Perpetual....	119,839,014.33	4,793,560.56	4,793,560.56
4% Nor. Rly. Perpetual Deb. Stock....	G.T.R.....	July 31, 1884	Perpetual....	1,499,979.67	59,999.18	59,999.18
4% Perpetual Guaranteed Stock.....	G.T.R.....	1884 to 1909	Perpetual....	60,833,333.33	2,433,333.33	2,433,333.33
7% Sinking Fund Gold Deb. Bonds...	G.T.R.....	Oct. 1, 1920	Oct. 1, 1940	24,492,000.00	1,727,850.40	1,732,010.00
6% Sinking Fund Gold Deb. Bonds...	G.T.R.....	Sept. 1, 1921	Sept. 1, 1936	24,734,000.00	1,496,168.84	1,500,000.00
3% 1st Mtge. Bonds(ex.Govt.holdings)	G.T.P.....	July 1, 1905	Jan. 1, 1962	34,992,000.00	1,049,760.00	1,049,760.00
4% Sterling Bonds.....	G.T.P.....	July 1, 1914	Jan. 1, 1962	8,440,848.00	337,633.92	337,633.92
3% 1st Mortgage Debenture Stock...	Can. Nor...	July 29, 1903	July 10, 1953	9,359,996.72	280,799.86	280,799.86
3½% 1st Mortgage Debenture Stock...	Can. Nor...	March, 1910	July 20, 1958	7,896,564.49	276,379.77	276,379.79
4% Debenture Stock and Bonds.....	Can. Nor...	1914 to 1918	Sept. 1, 1934	17,060,333.33	682,413.34	682,413.34
7% Sinking Fund Debenture Bonds...	Can. Nor...	Dec. 1, 1920	Dec. 1, 1940	24,283,000.00	1,730,581.28	1,735,510.00
6½% Sinking Fund Debenture Bonds	Can. Nor...	July 1, 1921	July 1, 1946	24,764,000.00	1,623,661.92	1,625,000.00
4½% 10 Year Gold Bonds.....	Can. Nor...	Feb. 15, 1925	Feb. 15, 1935	17,000,000.00	765,000.00	765,000.00
3½% 1st Mortgage Debenture Stock...	C.N.A.....	Mar. 22, 1911	May 4, 1960	3,149,998.66	110,249.94	110,249.94
3½% 1st Mortgage Debenture Stock...	C.N.O.....	Dec. 8, 1911	May 19, 1961	34,229,996.87	1,198,049.84	1,198,049.84
5% Equipment Trust—Series "G"....	Can. Nat...	Aug. 1, 1923	Ser. 1, 8, '38	10,500,000.00	550,000.00	625,000.00
5% 30 Year Guaranteed Gold Bonds...	Can. Nat...	Feb. 1, 1924	Feb. 1, 1954	50,000,000.00	2,500,000.00	2,500,000.00
4½% 30 Year Guaranteed Gold Bonds	Can. Nat...	Sept. 15, 1924	Sept. 15, 1954	26,000,000.00	1,170,000.00	1,170,000.00
2% 1927 Guaranteed Debenture Stock	Can. Nat...	July 1, 1926	By Tenders	29,452,409.67	597,229.82	618,779.49
4½% 30 Year Guaranteed Gold Bonds	Can. Nat...	July 1, 1927	July 1, 1957	65,000,000.00	2,925,000.00	2,925,000.00
4½% 40 Year Guaranteed Gold Bonds	Can. Nat...	Dec. 1, 1928	Dec. 1, 1968	35,000,000.00	1,575,000.00	1,575,000.00
5% 40 Year Guaranteed Gold Bonds...	Can. Nat...	July 1, 1929	July 1, 1969	60,000,000.00	3,000,000.00	3,000,000.00
5% 40 Year Guaranteed Gold Bonds...	Can. Nat...	Oct. 1, 1929	Oct. 1, 1969	60,000,000.00	3,000,000.00	3,000,000.00
5% 40 Year Guaranteed Gold Bonds...	Can. Nat...	Feb. 1, 1930	Feb. 1, 1970	18,000,000.00	900,000.00	792,500.00
4¾% 25 Year Guaranteed Gold Bonds	Can. Nat...	June 15, 1930	June 15, 1955	50,000,000.00	2,375,000.00	1,195,975.17
4½% 25 Year Guaranteed Gold Bonds	Can. Nat...	Feb. 1, 1931	Feb. 1, 1956	70,000,000.00	2,808,750.00	
4½% 20 Year Guaranteed Gold Bonds	Can. Nat...	Sept. 1, 1931	Sept. 1, 1951	50,000,000.00	606,250.00	
GUARANTEED BY PROVINCE OF ONTARIO.						
3½% 1st Mortgage Debenture Stock..	C.N.O.....	1906 and 1908	1936 and 1938	7,859,997.59	275,099.90	275,099.90
GUARANTEED BY PROVINCE OF MANITOBA:						
4% Winnipeg Terminal Bonds.....	Can. Nor...	July 1, 1909	July 1, 1939	3,000,000.00	120,000.00	120,000.00
GUARANTEED BY PROVINCE OF SASKATCHEWAN:						
4% 1st Mortgage Bonds.....	G.T.P.B.L..	May 1, 1909	Jan. 22, 1939	9,874,062.00	394,962.48	394,962.48
4% 1st Mortgage Debenture Stock....	Can. Nor...	June 12, 1909	Jan. 23, 1939	8,029,999.99	321,200.00	321,200.00
GUARANTEED BY PROVINCE OF ALBERTA:						
4% 1st Mortgage Bonds.....	G.T.P.B.L..	May 1, 1912	Feb. 15, 1942	1,153,764.00	46,150.56	46,150.56
4% 1st Mortgage Bonds.....	G.T.P.B.L..	May 1, 1909	Feb. 25, 1939	2,430,000.00	97,200.00	97,200.00
4% 1st Mortgage Debenture Stock....	Can. Nor...	June 10, 1909	Feb. 25, 1939	5,586,665.64	223,466.62	223,466.62
4½% 1st Mtge. Deb. Stock & Bonds	C.N.W.....	March, 1914	Oct. 22, 1943	2,799,997.73	125,999.90	125,999.90
4½% 1st Mtge. Deb. Stock & Bonds	C.N.W.....	Feb. 1914	Feb. 16, 1942	6,424,000.00	289,080.00	289,080.00
GUARANTEED BY PROVINCE OF BRITISH COLUMBIA:						
4% 1st Mortgage Debenture Stock...	C.N.P.....	Nov. 16, 1911	April 2, 1950	16,412,001.13	656,480.07	656,480.07
4½% Terminal Debenture Stock.....	C.N.P.....	1913 & 1914	April 2, 1950	8,614,000.00	387,630.00	387,630.00
Carried forward.....				1,042,746,777.49	45,211,682.23	40,620,964.65

FUNDED DEBT—PRINCIPAL AND INTEREST (Continued)

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1931	Interest Accrued 1931	Interest Accrued 1930
Brought forward.....				\$1,042,746,777.49	\$45,211,682.23	\$40,620,964.65
UNGUARANTEED (by Provinces or DOMINION):						
6% Equip. Trust Notes "U.S.R.A." ..	G.T.R.	Jan. 15, 1920	Ser. 15, 1, '35	239,600.00	14,376.00	17,970.00
6% Equip. Trust Notes "U.S.R.A." ..	G.T.W.	Jan. 15, 1920	Ser. 15, 1, '35	826,000.00	50,076.25	62,466.25
7% Equipment Trust—Series "E"	Can. Nor.	May 1, 1920	May 1, 1935	13,735,000.00	978,986.83	980,000.00
6½% Equip. Trust Certificates "F" ...	G.T.R.	Feb. 1, 1921	Feb. 1, 1936	10,813,000.00	726,991.61	729,950.00
5% Equipment Trust—Series "F"	C.V.	Oct. 1, 1924	Ser. 1, 10, '32	95,000.00	7,150.00	11,950.00
4½% Equipment Trust—Series "H" ...	Can. Nat.	July 1, 1924	Ser. 1, 7, '39	5,000,000.00	239,062.50	267,187.50
4½% Equipment Trust—Series "J" ...	Can. Nat.	May 1, 1927	Ser. 1, 5, '42	11,000,000.00	510,000.00	555,000.00
5% Equipment Trust—Series "K"	Can. Nat.	May 1, 1929	Ser. 1, 5, '44	15,600,000.00	800,000.00	860,000.00
5% Equipment Trust Issue of 1929 ...	G.T.W.	Dec. 14, 1929	Ser. 14, 12, '44	3,672,000.00	197,081.81	132,946.52
5% Equipment Trust Issue of 1929 ...	C.V.	Dec. 14, 1929	Ser. 14, 12, '44	1,601,000.00	85,974.45	60,548.86
4½% Equipment Trust—Series "L" ...	Can. Nat.	June 1, 1930	Ser. 1, 6, '45	14,700,000.00	681,187.50	391,781.25
4% Canada Atlantic 1st Mtge. Bonds.	G.T.R.	Jan. 1, 1905	Jan. 1, 1955	16,000,092.00	640,003.68	640,003.68
7% Wellington, Grey & Bruce Bonds.	G.T.R.	July 1, 1869	By Drawings	158,166.67	24,439.86	26,309.24
6% Northern Railway 3rd Pref. Bonds.	G.T.R.	1868	Perpetual	70,566.66	4,234.00	4,234.00
3¾% 1st Mortgage Bonds.....	N.E.Elev.	July 1, 1901	Ser. 1, 7, '41	100,000.00	3,937.50	4,312.50
4% 1st Mortgage Bonds.....	Port. Elev.	Jan. 1, 1897	Ser. 1, 1, '37	30,000.00	1,200.00	1,400.00
4% 1st Mortgage Bonds.....	Pem. South.	Sept. 1, 1906	Sept. 1, 1956	150,000.00	6,000.00	6,000.00
4% 2nd Mort. Bonds Prairie "A"	G.T.P.	April 1, 1905	April 1, 1955	10,206,000.00	408,240.00	408,240.00
4% 2nd Mort. Bonds Mountain "B" ...	G.T.P.	April 1, 1905	April 1, 1955	9,963,000.00	398,520.00	398,520.00
4% 1st Mort. Bonds Lake Superior ...	G.T.P.	April 1, 1905	April 1, 1955	7,533,000.00	301,320.00	301,320.00
4% Perpetual Con. Debenture Stock...	Can. Nor.	1903 to 1912	Perpetual...	44,943,019.40	1,797,720.74	1,797,720.74
4% Perpetual Con. Debenture Stock...	C.N.O.	June 21, 1909	Perpetual...	8,724,113.20	348,964.50	348,964.50
5% 1st Mortgage Bonds.....	C.O.R.	Jan. 1, 1909	Jan. 1, 1934	706,640.00	35,648.33	37,120.49
4% Perpetual Con. Debenture Stock...	C.N.Q.	Oct. 1906	Perpetual...	5,250,369.26	210,014.76	210,014.76
4% 1st Mortgage Gold Bonds.....	G.N. of C.	Oct. 1, 1904	Oct. 1, 1934	3,510,250.00	140,410.00	140,410.00
4% 1st Mortgage Perp. Deb. Stock...	Q. & L. St. J.	June 1, 1912	Perpetual...	4,252,503.06	170,100.14	170,100.14
4% 1st Mortgage Debenture Stock...	Q. L. L. & S.	Oct. 17, 1906	July 1, 1936	5,020,748.98	200,829.02	200,829.02
5% 1st Mortgage Rent Charge Bonds.	M.R.T. & T.	Apr. 15, 1918	April 15, 1970	1,277,013.35	65,719.27	67,367.85
5% 1st Mortgage Bonds.....	C.N.C. & O.D.	Jan. 1, 1916	Jan. 1, 1936	1,375,000.00	68,750.00	68,750.00
4% 1st Mortgage Debenture Stock...	D.W. & P.	May 1, 1910	June 1, 1939	7,004,997.27	280,199.89	280,199.89
4% 1st Mortgage Bonds.....	G.T.W.	Nov. 30, 1900	July 1, 1950	10,964,416.00	438,576.64	438,576.64
4½% 1st Mortgage Series "A" Bonds	G.T.W.	Jan. 1, 1930	Jan. 1, 1980	400,000.00	18,000.00	18,000.00
5% 1st Mortgage Bonds.....	G.T.Jct.	Jan. 1, 1884	Jan. 1, 1934	42,592.00	2,674.10	3,527.19
4½% 1st Mortgage S.F. Gold Bonds..	N.T.R.B.L.	Dec. 23, 1927	Oct. 1, 1955	2,881,000.00	132,671.25	138,524.39
4% Indebtedness.....	S.S. & C.	Aug. 27, 1858	Optional....	155,865.25	6,234.61	6,234.61
4% 1st Mortgage Gold Bonds.....	M. & P.L.	Oct. 1, 1900	Oct. 1, 1950	200,000.00	8,000.00	8,000.00
Int. on Securities matured during 1930						507,392.82
3½% 1st. Mtge. Guar. Deb. Bonds....	H. & S.W.	Oct. 1, 1912	Sept. 30, 1942	4,447,000.00	Eastern Lines	
4% 1st Mortgage Debenture Stock...	St. J. & Q.	May 1912	June 1, 1962	2,727,977.40	do.	
5% Indebtedness to Prov. of N. B.	Can. Nat.	Sept. 3, 1929	Various.	2,022,022.60	do.	
4% First Mortgage Bonds.....	M.W. Co.	April 1, 1906	April 1, 1936	6,000.00	Separately operated Properties	
5% 1st Mtge. Sinking Fund Gold Bonds	R. & R.C. Co.	April 1, 1908	April 1, 1938	1,048,000.00	do.	
Indebtedness to State of Michigan....	G.T.W.	July 20, 1927	Serially 1945	5,258,476.18	Non-interest-bearing	

Total Debt held by Public (including therein \$19,832,714.93 par value held in Special Funds and Accounts) as per Balance Sheet A/C 755

\$1,276,457,206.77 \$55,214,977.47 \$50,922,837.49

LOANS FROM DOMINION OF CANADA

	Principal Outstanding at December 31, 1931	Accrued Interest 1931
CANADIAN NORTHERN RAILWAY:		
3½% Loan, Chap. 6, 1911.....	\$2,396,099.68	\$83,863.48
4% Loan, Chap. 20, 1914.....	5,294,000.02	211,760.00
5% Loan, Chap. 4, 1915.....	10,000,000.00	500,000.00
6% Loan, Chap. 29, 1916.....	15,000,000.00	900,000.00
6% Loan, Chap. 24, 1917.....	25,000,000.00	1,500,000.00
6% Loan, Vote 110, 1918.....	25,000,000.00	1,500,000.00
6% Loan, Vote 108, 1919.....	35,000,000.00	2,100,000.00
6% Loan, Vote 127, 1920.....	48,611,077.00	2,916,664.62
6% Loan, Vote 126, 1921.....	44,419,806.42	2,665,188.38
6% Loan, Vote 136, 1922.....	42,800,000.00	2,568,000.00
6% Loan, 1918 War Measure's Act.....	1,887,821.16	113,269.26
	<u>\$255,408,804.28</u>	
GRAND TRUNK RAILWAY:		
6% Loan, Vote 478, 1920.....	\$25,000,000.00	1,500,000.00
6% Loan, Vote 126, 1921.....	55,293,435.18	3,317,606.10
6% Loan, Vote 137, 1922.....	23,288,747.15	1,397,324.82
4% Loan to G.T.P. Rly., Chap. 23, 1913.....	15,000,000.00	600,000.00
	<u>118,582,182.33</u>	
GRAND TRUNK PACIFIC RAILWAY:		
6% Loan, Chap. 4, 1915.....	\$6,000,000.00	360,000.00
3% Bonds, Chap. 24, 1913.....	33,048,000.00	991,440.00
6% Loan, Vote 441, 1916.....	7,081,783.45	273,350.60
6% Loan, Vote 444, 1917.....	5,038,053.72	251,764.42
6% Loan, Vote 110, 1918.....	7,471,399.93	347,246.40
Receiver Account O.C. 26th March, 1919.....	45,764,162.35	2,745,849.74
Interest guaranteed by Dominion of Canada.....	8,704,662.65	
Interest guaranteed by Provinces of Alta. & Sask...	2,898,536.98	
	<u>116,006,599.08</u>	
PURCHASE OF RAILWAY EQUIPMENT:		
6% Loan, Chap. 38, 1918.....	\$13,962,639.21	837,079.70
6% Loan, Vote 96, 1919.....	23,379,655.27	1,401,732.76
6% Loan, Vote 115, 1920.....	15,541,406.96	930,205.58
6% Loan, Vote 113, 1921.....	1,726,493.59	103,543.40
6% Loan, Vote 115, 1922.....	2,315,805.79	138,948.34
	<u>56,926,000.82</u>	
CANADIAN NATIONAL RAILWAY:		
6% Loan, Vote 139, 1923.....	\$24,550,000.00	1,183,092.25
5% Loan, Vote 137, 1924.....	10,000,000.00	477,737.78
5% Loan, Vote 377, 1925.....	10,000,000.00	146,437.70
5% Loan, Vote 372, 1926.....	10,000,000.00	434,886.28
5% Loan, Vote 336, 1929.....	2,932,652.91	146,632.64
	<u>57,482,652.91</u>	
	<u>\$604,406,239.42</u>	<u>\$32,643,624.25</u>

INVESTMENTS IN AFFILIATED COMPANIES

COMPANY	Amount Outstanding	Amount Owned by Can. Nat. System	Book Value
"A"—STOCKS:			
Atlantic and St. Lawrence Rail Road Company.....	\$5,484,000.00	\$224.33	
The Belt Railway Company of Chicago.....	3,120,000.00	240,000.00	
Canadian Airways, (Limited) (no par value).....	127,088 shares	10,000 shares	
Canadian Government Merchant Marine, Limited.....	311,300.00	1,700.00	
Chicago & Western Indiana Railroad Company.....	5,000,000.00	1,000,000.00	
The Detroit & Toledo Shore Line Railroad Company.....	1,428,000.00	714,000.00	
Detroit Terminal Railroad Company.....	2,000,000.00	1,000,000.00	
Northern Alberta Railways Company.....	625,000.00	312,500.00	
The Ontario Car Ferry Company (Limited).....	500,000.00	250,000.00	
Public Markets Limited.....	1,150,000.00	575,000.00	
The Toronto Terminals Railway Company.....	50,000.00	25,000.00	
The Toledo Terminal Railroad Company.....	4,000,000.00	387,200.00	
	<u>\$23,668,300.00</u>	<u>\$4,505,624.33</u>	<u>\$6,112,584.06</u>
"B"—BONDS:			
Atlantic and St. Lawrence Rail Road Company.....	\$3,000,000.00	\$3,000,000.00	
The Detroit & Toledo Shore Line R.R. Co. First Mortgage Bonds.....	3,000,000.00	587,000.00	
Northern Alberta Railways Co. First Mortgage Bonds.....	8,970,000.00	4,485,000.00	
The Toronto Terminals Ry. Co. First Mortgage Bonds.....	23,524,700.00	11,762,400.00	
	<u>\$38,494,700.00</u>	<u>\$19,834,400.00</u>	<u>\$19,831,055.00</u>
"D"—ADVANCES:			
Chicago & Western Indiana Railroad Company.....			
The Toronto Terminals Railway Company.....			
			\$775,394.68
			1,375,658.16
			<u>\$2,151,052.84</u>
Total Balance Sheet A/C No. 706.....			<u>\$28,094,691.90</u>

SCHEDULE OF COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM

NAME OF ISSUING COMPANY	Capital Stock	Held by System	Owned by Government Owned by <i>Public</i>
CANADIAN NATIONAL RAILWAY COMPANY.....	\$180,424,327.70	\$14,796,589.00	†\$165,627,738.70
*Canada Atlantic Transit Company.....	219,000.00	219,000.00	
*Canada Atlantic Transit Company of U.S.....	250,000.00	250,000.00	
The Canadian Express Company.....	1,768,800.00	1,768,800.00	
Canadian National Land Settlement Association.....			
Canadian National Rolling Stock Limited.....	50,000.00	50,000.00	
Canadian National Railways Trust Company.....			
Canadian National Transportation Company.....	500.00	500.00	
The Champlain and St. Lawrence Railroad Company.....	50,000.00	50,000.00	
*Chicago, New York and Boston Refrigerator Company.....	1,129,400.00	1,129,400.00	
Cincinnati, Saginaw and Mackinaw Rail Road Company.....	1,500,000.00	1,500,000.00	
*Consolidated Land Corporation.....	64,000.00	64,000.00	
The Grand Trunk Junction Railway Company.....	500,000.00	500,000.00	
Grand Trunk Western Railroad Company (Common).....	20,000,000.00	20,000,000.00	
Grand Trunk Western Railroad Company (Preferred).....	25,000,000.00	25,000,000.00	
*Industrial Land Company.....	1,000.00	1,000.00	
International Bridge Company.....	1,500,000.00	1,500,000.00	
The Maganetawan River Railway Company.....	30,000.00	30,000.00	
Manitoba Northern Railway Company.....	500,000.00	500,000.00	
*Montreal Fruit & Produce Terminal Company, Limited.....	500.00	500.00	
*The Montreal and Southern Counties Railway Company.....	500,000.00	310,500.00	189,500.00
*The Montreal Stock Yards Company.....	350,000.00	349,600.00	400.00
*The Montreal Warehousing Company.....	236,000.00	222,860.00	13,140.00
*Muskegon Railway and Navigation Company.....	161,293.00	161,293.00	
*National Terminals of Canada Limited.....	500.00	500.00	
National Transcontinental Railway Branch Lines Company.....	500.00	500.00	
New England Elevator Company.....	400,000.00	400,000.00	
*The Oshawa Railway Company.....	40,000.00	40,000.00	
The Ottawa Terminals Railway Company.....	250,000.00	250,000.00	
The Pembroke Southern Railway Company.....	107,800.00	90,600.00	17,200.00
Portland Elevator Company.....	50,000.00	50,000.00	
*Prince Charles, Limited.....	10,000.00	10,000.00	
*Prince David, Limited.....	10,000.00	10,000.00	
*Prince George, Limited.....	10,000.00	10,000.00	
*Prince Henry, Limited.....	10,000.00	10,000.00	
*Prince John, Limited.....	10,000.00	10,000.00	
*Prince Robert, Limited.....	10,000.00	10,000.00	
*Prince Rupert, Limited.....	10,000.00	10,000.00	
*Prince William, Limited.....	10,000.00	10,000.00	
*Rail and River Coal Company.....	2,000,000.00	2,000,000.00	
St. Clair Tunnel Company.....	700,000.00	700,000.00	
*The Thousand Islands Railway Company.....	60,000.00	60,000.00	
The Toronto Belt Line Railway Company.....	50,000.00	26,000.00	24,000.00
The United States and Canada Rail Road Company.....	219,400.00	218,925.00	475.00
Vermont and Province Line Railroad Company.....	200,000.00	200,000.00	
Total Canadian National Railway Group.....	\$238,393,020.70	\$72,520,567.00	\$165,872,453.70
THE CANADIAN NORTHERN RAILWAY COMPANY.....	\$101,000,600.00	\$1,000,000.00	\$100,000,600.00
The Bay of Quinté Railway Company.....	1,395,000.00	1,395,000.00	
The Bessemer and Barry's Bay Railway Company.....	125,000.00	125,000.00	
The Canadian Northern Alberta Railway Company.....	3,000,000.00	3,000,000.00	
The Canadian Northern Railway Express Company, Limited.....	1,000,000.00	1,000,000.00	
Canadian Northern Manitoba Railway Company.....	250,000.00	250,000.00	
The Canadian Northern Ontario Railway Company.....	10,000,000.00	10,000,000.00	
Canadian Northern Pacific Railway Company.....	25,000,000.00	25,000,000.00	
The Canadian Northern Quebec Railway Company.....	9,550,000.00	5,700,800.00	3,849,200.00
Canadian National Realities, Limited.....	40,000.00	40,000.00	
Canadian Northern Steamships, Limited.....	2,000,000.00	2,000,000.00	
The Canadian Northern Coal and Ore Dock Company, Limited.....	500,000.00	500,000.00	
*Canadian National Electric Railways.....	250,000.00	250,000.00	
Canadian National Express Company.....	1,000,000.00	1,000,000.00	
Canadian Northern System Terminals Limited.....	2,000,000.00	2,000,000.00	
Canadian National Telegraph Company.....	500,000.00	500,000.00	
Canadian Northern Western Railway Company.....	2,000,000.00	2,000,000.00	
The Central Ontario Railway.....	3,331,000.00	3,329,000.00	2,000.00
Continental Realty & Holding Company Limited.....	90,000.00	90,000.00	
*The Dalhousie Navigation Company, Limited.....	50,000.00	50,000.00	
Carried forward.....	\$163,081,600.00	\$59,229,800.00	\$103,851,800.00

SCHEDULE OF COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM—Continued

NAME OF ISSUING COMPANY	Capital Stock	Held by System	Owned by Government Owned by <i>Public</i>
Brought forward.....	\$163,081,600.00	\$59,229,800.00	\$103,851,800.00
Duluth, Winnipeg and Pacific Railroad Company.....	100,000.00	100,000.00	
Duluth, Winnipeg and Pacific Railway Company.....	6,000,000.00	6,000,000.00	
Duluth and Virginia Realty Company.....	45,000.00	45,000.00	
Duluth, Rainy Lake & Winnipeg Railway Company.....	2,000,000.00	2,000,000.00	
The Great North Western Telegraph Company of Canada.....	373,625.00	35,075.00	7,050.00
The Great North Western Telegraph Company of Canada (held in escrow).....		331,500.00	
The Halifax and South Western Railway Company.....	1,000,000.00	1,000,000.00	
The Irondale, Bancroft and Ottawa Railway Company.....	53,500.00	53,000.00	500.00
The James Bay and Eastern Railway Company.....	1,250,000.00	1,250,000.00	
The Lake Superior Terminals Company Limited.....	500,000.00	500,000.00	
Market Gardens Limited.....	200,000.00	200,000.00	
The Marmora Railway and Mining Company.....	128,600.00	128,600.00	
The Minnesota and Manitoba Railroad Company.....	400,000.00	400,000.00	
The Minnesota and Ontario Bridge Company.....	100,000.00	100,000.00	
Mount Royal Tunnel and Terminal Company, Limited.....	5,000,000.00	5,000,000.00	
*The Niagara, St. Catharines and Toronto Railway Company.....	925,000.00	925,000.00	
*The Niagara, St. Catharines and Toronto Navigation Company (Limited).....	100,000.00	100,000.00	
The Quebec and Lake St. John Railway Company.....	4,508,300.00	4,019,140.00	489,160.00
The Qu'Appelle, Long Lake and Saskatchewan Railroad and Steamboat Company.....	201,000.00	201,000.00	
St. Boniface Western Land Company.....	250,000.00	250,000.00	
The St. Charles and Huron River Railway Company.....	10,000.00	10,000.00	
The Toronto, Niagara and Western Railway Company.....	125,000.00	125,000.00	
The Winnipeg Land Company Limited.....	100,000.00	100,000.00	
Total Canadian Northern Railway Group.....	\$186,451,625.00	\$82,103,115.00	\$104,348,510.00
THE GRAND TRUNK PACIFIC RAILWAY COMPANY.....	\$24,942,000.00	\$24,942,000.00	
The Grand Trunk Pacific Branch Lines Company.....	1,002,000.00	1,002,000.00	
The Grand Trunk Pacific Saskatchewan Railway Company.....	200,000.00	200,000.00	
The Grand Trunk Pacific Development Company, Limited.....	3,000,000.00	3,000,000.00	
*Canadian National Steamship Company, Limited.....	15,000.00	15,000.00	
*Grand Trunk Pacific Terminal Elevator Company, (Limited).....	501,000.00	501,000.00	
*Grand Trunk Pacific Dock Company, of Seattle.....	150,000.00	150,000.00	
Total Grand Trunk Pacific Railway Group.....	\$29,810,000.00	\$29,810,000.00	
CENTRAL VERMONT RAILWAY, INC.	\$10,000,000.00	\$10,000,000.00	
*Central Vermont Transportation Company.....	200,000.00	200,000.00	
*The Centmont Corporation.....	1,037,500.00	1,037,500.00	
*Barre Granite Railway Company.....			
*Bethel Granite Railway Company.....	25,000.00	25,000.00	
*Brooksby Realty Company.....	2,000.00	2,000.00	
Montreal and Province Line Railway Company.....	1,000,000.00	1,000,000.00	
The Montreal and Vermont Junction Railway Company.....	197,300.00	197,300.00	
The Stanstead, Shefford and Chambly Railroad Company.....	608,333.33	608,333.33	
Total Central Vermont Railway Group.....	\$13,070,133.33	\$13,070,133.33	
SUMMARY			
Canadian National Railway Group.....	\$238,393,020.70	\$72,520,567.00	\$165,872,453.70
Canadian Northern Railway Group.....	186,451,625.00	82,103,115.00	104,348,510.00
Grand Trunk Pacific Railway Group.....	29,810,000.00	29,810,000.00	
Central Vermont Railway Group.....	13,070,133.33	13,070,133.33	
	\$467,724,779.03	\$197,503,815.33	\$270,220,963.70
*Canadian National Railways (France).....	fr. 30,000,000.00	fr. 30,000,000.00	

The accounts of Companies indicated () are taken up in the System Income Account as "Separately Operated Properties."

†One certificate for \$180,424,327.70 of the Company's Capital Stock is issued in the name of His Majesty as representing \$165,627,738.70 of Grand Trunk Stock previously held by the Public and \$14,796,589 previously held in that Company's treasury.

\$265,628,338.70 of this amount is owned by the Dominion of Canada, and \$4,592,625.00 by the Public.

RECEIPTS AND EXPENDITURES **NINE YEAR PERIOD — 1923-1931**

RECEIPTS:

Cash on hand January 1, 1923..... \$20,790,857.20

Funded Debt issued, par value

	Dominion Guaranteed	Other	Total
New Issues.....	\$561,500,000.00	\$80,640,341.43	\$642,140,341.43
Retirements.....	73,737,712.30	96,448,566.42	170,186,278.72
Exchanged.....	34,927,098.20	34,927,098.20	.....
	\$522,689,385.90	\$50,735,323.19	\$471,954,062.71

Discount and issue expense.. 13,357,610.65 1,032,165.70 14,389,776.35 457,564,286.36

Loans from Dominion of Canada..... 97,460,270.35

Short Term Loans..... 35,008,250.94

Appropriations from Public Funds for Capital Expenditures on Canadian Government Railways..... 5,729,298.44

Reduction in working and other balance sheet accounts..... 14,930,145.04

\$631,483,108.33

EXPENDITURES:

INVESTMENTS:

Road..... \$252,620,377.46

Equipment..... 130,647,684.98

Hotels..... 22,153,824.08

Separately Operated Properties..... 14,247,734.12 \$419,669,620.64

Investment in Affiliated Companies..... \$36,675,835.08

" Sinking Funds..... 15,078,743.04

" Insurance Fund..... 9,091,216.58 60,845,794.70

PROFIT AND LOSS DEFICIT:

Deficit, as per the accounts excluding Eastern Lines and Government Interest.... \$149,548,846.98

Deduct, Accounting adjustments (non cash)..... 8,357,803.59

" Interest due to Public..... 386,537,381.35

" Appropriations for Insurance Fund..... 9,091,216.58

Net Earnings before interest due Public and appropriations..... \$254,437,554.54

Interest due to Public..... 386,537,381.35

132,099,826.81*

Cash on Hand December 31, 1931..... 18,867,866.18

\$631,483,108.33

*Average deficit per annum, \$14,677,758.

DETAILS OF EQUIPMENT OWNED

LOCOMOTIVES:	December 31, 1930	Additions During Year	Retirements During Year	Conversions During Year		December 31, 1931
				Added	Retired	
Passenger—Freight.....	2,578	20	45			2,553
Switching.....	584	3	8			579
Electric Locomotives.....	15					15
Oil Electric.....	3					3
Total	3,180	23	53			3,150
FREIGHT EQUIPMENT:						
Box Cars.....	91,140	2,803	2,280	12	21	91,654
Flat Cars.....	8,701		181	4	153	8,371
Stock Cars.....	4,851		128			4,723
Coal Cars.....	16,094	1,000	209	119	14	16,990
Tank Cars.....	241		5			236
Refrigerator Cars.....	4,027	501	61	1	4	4,464
Caboose Cars.....	1,865		12			1,853
Other Cars in Freight Service.....	1,075		69		12	994
Total	127,994	4,304	2,945	136	204	129,285
PASSENGER EQUIPMENT:						
First Class Cars.....	989				6	983
Second Class Cars.....	232				3	229
Combination Cars.....	402		3		1	398
Immigrant Cars.....	367				3	364
Dining Cars.....	103					103
Parlor Cars.....	162	3		2	4	163
Sleeping Cars.....	347	2		2	2	349
Postal Cars.....	66					66
Baggage and Express Cars.....	981		7		1	973
Unit Cars.....	58	6	1			63
Other Cars in Passenger Service.....	143			6		149
Total	3,850	11	11	10	20	3,840
WORK EQUIPMENT:						
Unit Cars (Track Inspection).....	1					1
Business and Pay Cars.....	76		1	1		77
All Other Cars in Company's Service.....	8,200	8	169	88	11	8,115
Total	8,277	8	170	89	11	8,193
FLOATING EQUIPMENT:						
Motor Ship.....	1					1
Car Ferries.....	9	2				11
Barges.....	9					9
Tugs.....	6					6
Work.....	3					3

REVENUE TONNAGE BY COMMODITIES

	Year 1931	Year 1930	Increase or Decrease	
	Tons	Tons	Tons	Percents
PRODUCTS OF AGRICULTURE:				
Wheat.....	4,754,654	4,393,442	361,212	8.22
Corn.....	297,935	477,467	179,532	37.60
Oats.....	633,811	552,243	81,568	14.77
Barley.....	285,329	363,380	78,051	21.48
Rye.....	83,863	122,903	39,040	31.76
Flax.....	36,968	59,233	22,265	37.59
Other Grain.....	48,805	42,122	6,683	15.87
Flour.....	684,083	823,101	139,018	16.89
Other Mill Products.....	1,066,362	1,168,069	101,707	8.71
Hay and Straw.....	209,799	302,631	92,832	30.67
Cotton.....	36,745	47,239	10,494	22.21
Apples (Fresh).....	89,478	106,016	16,538	15.60
Other Fruits (Fresh).....	277,024	260,508	16,516	6.34
Potatoes.....	163,342	206,436	43,094	20.88
Other Fresh Vegetables.....	131,421	158,600	27,179	17.14
Other Agricultural Products.....	404,590	468,353	63,763	13.61
Total.....	9,204,209	9,551,743	347,534	3.64
PRODUCTS OF ANIMALS:				
Horses.....	30,708	42,523	11,815	27.78
Cattle and Calves.....	226,245	236,353	10,108	4.28
Sheep.....	28,455	31,517	3,062	9.72
Hogs.....	121,906	127,541	5,635	4.42
Dressed Meats (Fresh).....	227,060	234,143	7,083	3.03
Dressed Meats (Cured or Salted).....	40,621	54,499	13,878	25.40
Other Packing House Products.....	92,916	103,148	10,232	9.02
Poultry.....	23,468	19,604	3,864	19.71
Eggs.....	54,600	63,621	9,021	14.18
Butter and Cheese.....	101,357	123,710	22,353	18.07
Wool.....	23,644	23,540	104	.44
Hides and Leather.....	53,509	67,994	14,485	21.30
Other Animal Products.....	34,108	31,062	3,046	9.81
Total.....	1,058,597	1,159,255	100,658	8.68
PRODUCTS OF MINES:				
Anthracite Coal.....	1,726,307	2,386,726	660,419	27.67
Bituminous Coal.....	4,530,371	5,764,633	1,234,262	21.41
Lignite Coal.....	1,129,428	1,565,459	436,031	27.85
Coke.....	649,914	828,714	178,800	21.58
Iron Ores.....	5,358	391,250	385,892	98.63
Other Ores and Concentrates.....	348,803	425,725	76,922	18.07
Base Bullion and Matte.....	71,730	86,642	14,912	17.21
Clay, Gravel, Sand and Stone (Crushed).....	3,021,219	5,101,087	2,079,868	40.77
Slate, Dimension or Block Stone.....	186,658	238,404	51,746	21.71
Crude Petroleum.....	278,062	316,946	38,884	12.27
Asphaltum.....	113,445	141,283	27,838	19.70
Salt.....	327,166	365,587	38,421	10.51
Other Mine Products.....	159,476	255,291	95,815	37.53
Total.....	12,547,937	17,867,747	5,319,810	29.77
PRODUCTS OF FORESTS:				
Logs, Posts, Poles and Cordwood.....	1,061,830	1,742,561	680,731	39.06
Ties.....	67,306	70,936	3,630	5.12
Pulpwood.....	1,132,833	2,306,123	1,173,290	50.88
Lumber, Timber, Box Shooks, Staves and Headings.....	1,810,606	2,587,545	776,939	30.03
Other Forest Products.....	152,004	191,263	39,259	20.53
Total.....	4,224,579	6,898,428	2,673,849	38.76
Carried forward.....	27,035,322	35,477,173	8,441,851	.....

REVENUE TONNAGE BY COMMODITIES—Continued

	Year 1931	Year 1930	Increase or Decrease	
	Tons	Tons	Tons	Percents
Brought forward.....	27,035,322	35,477,173	8,441,851	.....
MANUFACTURES AND MISCELLANEOUS:				
Refined Petroleum and its Products.....	1,725,765	1,984,612	258,847	13.04
Sugar	147,288	217,097	69,809	32.16
Iron, Pig and Bloom.....	124,657	203,640	78,983	38.79
Rails and Fastenings.....	36,839	52,767	15,928	30.19
Bar and Sheet Iron, Structural Iron and Iron Pipe.....	683,759	928,264	244,505	26.34
Castings, Machinery and Boilers.....	132,576	227,842	95,266	41.81
Cement.....	691,086	948,257	257,171	27.12
Brick and Artificial Stone.....	205,353	316,959	111,606	35.21
Lime and Plaster.....	209,806	274,060	64,254	23.45
Sewer Pipe and Drain Tile.....	38,197	51,611	13,414	25.99
Agriculture Implements and Vehicles other than Autos.....	63,839	168,140	104,301	62.03
Automobiles and Auto Trucks.....	940,208	1,194,545	254,337	21.29
Household Goods	35,862	29,543	6,319	21.39
Furniture	32,238	40,564	8,326	20.53
Liquor Beverages.....	101,292	138,700	37,408	26.97
Fertilizer, all kinds	249,276	319,720	70,444	22.03
Paper, Printed Matter and Books.....	1,119,055	1,298,044	178,989	13.79
Wood Pulp.....	671,870	876,660	204,790	23.36
Fish (fresh, frozen, cured, etc.).....	45,920	52,939	7,019	13.26
Canned Meats.....	3,318	5,192	1,874	36.09
Canned Goods (all canned food products other than Meat)....	170,017	218,950	48,933	22.35
Other Manufactures and Miscellaneous	2,783,953	3,752,650	968,697	25.81
Merchandise.....	1,456,395	1,851,627	395,232	21.35
Total.....	11,668,569	15,152,383	3,483,814	22.99
Grand Total.....	38,703,891	50,629,556	11,925,665	23.55

CANADIAN NATIONAL RAILWAYS

33

EASTERN LINES

To the Honourable R. J. Manion, M.D., M.P.,
Minister of Railways and Canals,
Ottawa, Ont.

Montreal, March 24th, 1932

Sir:—

I beg to submit herewith, report of operations of the Eastern Lines for the year ended December 31, 1931:

Miles owned.....	3,253.40
Miles under lease or contract.....	6.41
Miles under trackage rights.....	82.56
Total.....	3,342.37

The revenues and expenses for the year were as follows:

	REVENUE			
	1931	1930	Decrease	%
Freight.....	\$15,734,290.00	\$19,263,791.67	\$3,529,501.67	18.32
Passenger.....	3,542,779.00	4,804,108.60	1,261,329.60	26.26
Express.....	1,536,115.90	1,858,050.88	321,934.98	17.33
Mail.....	805,874.00	822,921.33	17,047.33	2.07
Other.....	1,612,365.10	1,849,680.97	237,315.87	12.83
Total.....	\$23,231,424.00	\$28,598,553.45	\$5,367,129.45	18.77
	EXPENSES			
Maintenance of Way and Structures.....	\$ 7,460,037.57	\$ 8,100,091.11	\$ 640,053.54	7.90
Maintenance of Equipment.....	5,486,924.51	6,170,983.94	684,059.43	11.09
Traffic.....	885,981.15	952,686.30	66,705.15	7.00
Transportation.....	13,867,489.44	15,876,352.60	2,008,863.16	12.65
Miscellaneous Operations.....	315,299.14	400,065.58	84,766.44	21.19
General.....	1,656,425.67	1,600,938.18	Inc. 55,487.49	3.47
Transportation for Investment <i>Credit</i>	47,170.52	72,602.06	25,431.54	35.03
Total.....	\$29,624,986.96	\$33,028,515.65	\$3,403,528.69	10.30
Net Revenue <i>Deficit</i>	\$6,393,562.96	\$4,429,962.20	Inc. \$1,963,600.76	
Percentage of Operating Expenses to Gross Revenue.....	127.52%	115.49%		

It will be noted that the operating deficit for 1931 was \$6,393,562.96, an increase of \$1,963,600.76. Decreases in freight traffic were general. Freight traffic declined 1,454,428 tons, or 22% as compared with the previous year. Products of agriculture declined 14.6%; products of animals 16.7%; products of mines 15.0%; products of forests 39.6%; manufactures and miscellaneous 13.6%.

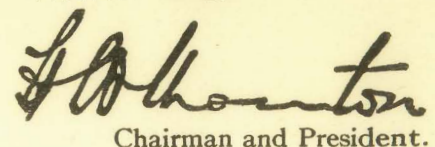
Passenger revenues showed a decline of 26.26% and passenger traffic as measured by passenger miles declined 30.10%. Express traffic decreased 17.33%; fish traffic in particular being lighter due to unfavourable market conditions.

The reduction in operating expenses of \$3,403,528 represents an earnest effort to meet the decline in gross revenues, but there are limits to the extent that expenses can be curtailed if adequate railway service is to be continued. The full effect of economy measures adopted during the year is not reflected in 1931 operations, but will be more fully represented in the results of 1932.

The Canadian National hotels, Eastern Lines, showed an operating profit, after taxes, of \$5,454.99. The new hotel at Charlottetown was opened May 14, 1931. The first full year's operation of the Nova Scotian hotel at Halifax showed a profit, after taxes, of \$27,725, which may be considered satisfactory in view of the general conditions prevailing.

The construction of branch lines under the 1929-1932 branch line construction programme was continued at a reduced rate in view of the financial stringency. The following summarizes work which was accomplished:

	Miles
Grading.....	14.36
Ballasting.....	7.00
Telegraph Lines.....	8.00
Fencing.....	2.40


Chairman and President.

INCOME STATEMENT

	Year ending December 31, 1931	Year ending December 31, 1930
Railway Operating Revenues.....	\$23,231,424.00	\$28,598,553.45
Railway Operating Expenses.....	29,624,986.96	33,028,515.65
Net Deficit from Railway Operations.....	\$6,393,562.96	\$4,429,962.20
Railway Tax Accruals.....	\$308,623.16	\$299,462.23
Uncollectible Railway Revenues.....	2,527.82	3,056.47
Railway Operating Deficit.....	\$6,704,713.94	\$4,732,480.90
Revenues from Hotel Operations.....	\$466,196.99	\$243,569.90
Expenses of Hotel Operations.....	446,955.24	234,614.88
Taxes on Hotel Property.....	13,786.76	7,182.62
Hotel Operating Income.....	\$5,454.99	\$1,772.40
Total Operating Deficit.....	\$6,699,258.95	\$4,730,708.50
Rent from Work Equipment.....		\$31,673.89
Joint Facility Rent Income.....	89,533.11	95,769.91
Income from Lease of Road.....	23,300.00	23,300.00
Miscellaneous Rent Income.....	86,471.57	82,332.97
Miscellaneous Non-operating Physical Property.....	3,710.12	4,180.18
Income from Unfunded Securities and Accounts.....	204,329.86	133,790.44
Miscellaneous Income.....	866.20	648.30
Total Non-operating Income.....	\$408,210.86	\$371,695.69
Gross Income (Deficit).....	\$6,291,048.09	\$4,359,012.81
Hire of Freight Cars—Debit Balance.....	\$319,107.58	\$350,551.22
Rent for Locomotives.....	138,719.17	85,454.42
Rent for Passenger-Train Cars.....	447,800.01	392,703.32
Rent for Work Equipment.....	6,573.74	
Joint Facility Rents.....	88,434.61	92,857.66
Rent for Leased Roads.....	2,427.00	2,400.00
Miscellaneous Rents.....	60.00	3,400.88
Interest on Unfunded Debt.....	939,489.97	685,162.42
Miscellaneous Income Charges.....	18,459.93	87.21
Total Deductions from Gross Income.....	\$1,961,072.01	\$1,612,442.71
Net Income Deficit before Int. on Long Term Debt and Int. on Dom. Gov. Loans.....	\$8,252,120.10	\$5,971,455.52
Interest on Long Term Debt.....	\$372,167.55	\$394,699.83
Net Income Deficit before Interest on Dominion Government Loans.....	\$8,624,287.65	\$6,366,155.35
Interest on Dominion Government Loans.....	626,413.21	626,413.21
Net Income (Deficit).....	\$9,250,700.86	\$6,992,568.56

PROFIT AND LOSS ACCOUNT

CREDITS:		
Profit on Road and Equipment Sold.....	\$3,412.32	\$6,025.05
Unrefundable Overcharges.....	753.08	2,060.01
Donations.....	8,607.83	20,970.82
Miscellaneous Credits.....	1,261.22	2,098.10
	\$7,209.81	\$26,957.78
DEBITS:		
Loss on Retired Road and Equipment.....	\$95,684.46	\$306,446.65
Net Profit and Loss Items Debit.....	\$88,474.65	279,488.87
Net Income Deficit.....	8,624,287.65	6,366,155.35
	\$8,712,762.30	\$6,645,644.22
Interest on Dominion Government Loans.....	626,413.21	626,413.21
Loss.....	\$9,339,175.51	\$7,272,057.43

J. B. McLAREN,
Comptroller

CERTIFICATE OF AUDITORS

We have examined the above Income and Profit and Loss Accounts of the Eastern Lines for the twelve months ended the 31st December, 1931, and we certify that in our opinion these accounts fairly state the results of the working of such Lines, as authorized by the Maritime Freight Rates Act, 1927.

15th March, 1932

GEORGE A. TOUCHE & CO.,
Chartered Accountants

OPERATING REVENUES AND SUMMARY OF OPERATING EXPENSES

	Year ending December 31, 1931	Year ending December 31, 1930
RAILWAY OPERATING REVENUES:		
Freight.....	\$13,849,290.00	\$16,901,586.57
Government Contribution Maritime Freight Rates Act, 1927	1,885,000.00	2,362,205.10
Passenger.....	3,542,779.00	4,804,108.60
Excess Baggage.....	28,142.59	35,679.84
Sleeping Car.....	308,486.83	366,795.68
Parlor and Chair Car.....	19,244.73	25,780.73
Mail.....	805,874.00	822,921.33
Express.....	1,536,115.90	1,858,050.88
Other Passenger Train.....	7,150.40	8,544.38
Milk.....	41,243.74	41,333.74
Switching.....	179,154.11	182,649.03
Special Service Train.....	17,933.78	7,599.73
Other Freight Train.....	100.00	
Water Transfers—Passenger.....	13,572.14	12,315.91
Water Transfers—Vehicles and Live Stock.....	41,061.00	40,692.00
Water Transfers—Others	.25	
Dining and Buffet.....	201,309.23	255,235.91
Station, Train and Boat Privileges.....	21,229.44	28,799.44
Parcel Room	882.30	529.40
Storage—Freight.....	12,720.60	14,031.26
Storage—Baggage.....	2,129.75	2,775.70
Demurrage.....	38,883.55	66,033.55
Telegraph and Telephone.....	530,000.00	632,795.66
Grain Elevator.....	72,852.63	28,018.36
Rents of Buildings and Other Property.....	22,332.08	26,392.56
Miscellaneous.....	55,323.65	75,578.19
Joint Facility—Debit.....	1,387.70	1,000.10
Total.....	\$23,231,424.00	\$28,598,553.45
SUMMARY OPERATING EXPENSES:		
Maintenance of Way and Structures.....	\$7,460,037.57	\$8,100,091.11
Maintenance of Equipment.....	5,486,924.51	6,170,983.94
Traffic.....	885,981.15	952,686.30
Transportation.....	13,867,489.44	15,876,352.60
Miscellaneous Operations.....	315,299.14	400,065.58
General.....	1,656,425.67	1,600,938.18
Transportation for Investment—Cr.....	47,170.52	72,602.06
Total.....	\$29,624,986.96	\$33,028,515.65

MAINTENANCE OF WAY AND STRUCTURES EXPENSES

	Year ending December 31, 1931	Year ending December 31, 1930
Superintendence.....	527,141.96	\$552,000.98
Roadway Maintenance.....	742,132.76	740,546.55
Tunnels and Subways.....	2,495.80	2,098.56
Bridges, Trestles and Culverts.....	189,105.62	209,192.70
Ties.....	1,417,436.45	1,562,765.07
Rails.....	618,311.15	722,257.46
Other Track Material.....	359,472.59	436,913.42
Ballast.....	74,916.27	50,761.47
Track Laying and Surfacing.....	1,727,470.70	1,906,135.79
Right of Way Fences.....	68,877.37	53,044.16
Snow and Sand Fences and Snow Sheds.....	13,763.92	8,734.35
Crossings and Signs.....	58,809.17	75,936.51
Station and Office Buildings.....	296,954.61	502,234.58
Roadway Buildings.....	7,367.23	9,387.68
Water Stations.....	46,612.98	62,926.00
Fuel Stations.....	15,739.55	20,222.38
Shops and Enginehouses.....	178,040.80	191,299.50
Grain Elevators.....	5,630.33	3,863.26
Wharves and Docks.....	90,367.20	149,061.20
Coal and Ore Wharves.....	468.50	
Gas Producing Plants.....	67.16	42.07
Telegraph and Telephone Lines.....	232,322.85	211,765.83
Signals and Interlockers.....	57,051.20	63,275.40
Power Plant Buildings.....	1,535.87	253.97
Power Substation Buildings.....		2.80
Power Transmission Systems.....	2,700.28	2,479.36
Power Distribution Systems.....	6,224.03	4,671.51
Power Line Poles and Fixtures.....	2,413.44	10,298.70
Paving.....		81.44
Roadway Machines.....	29,583.73	30,203.96
Small Tools and Supplies.....	72,697.74	76,168.40
Removing Snow, Ice and Sand.....	531,285.21	386,942.94
Assessments for Public Improvements.....	48.60	1,202.05
Injuries to Persons.....	69,002.27	66,066.48
Insurance.....	10,400.57	12,880.75
Stationery and Printing.....	10,853.16	15,151.81
Other Expenses.....	4,476.17	4,306.91
Maintaining Joint Tracks, Yards, etc., Dr.....	28,890.10	40,073.07
Maintaining Joint Tracks, Yards, etc., Cr.....	35,802.89	85,157.96
Total.....	\$7,460,037.57	\$8,100,091.11

MAINTENANCE OF EQUIPMENT EXPENSES

	Year ending December 31, 1931	Year ending December 31, 1930
Superintendence.....	\$195,455.70	\$213,693.67
Shop Machinery.....	143,155.90	182,209.42
Power Plant Machinery.....	10,800.26	11,131.16
Steam Locomotives—Repairs.....	2,052,821.59	2,303,732.53
Steam Locomotives—Retirements.....	103,483.59	55,244.60
Freight Train Cars—Repairs.....	1,231,303.39	1,599,455.08
Freight Train Cars—Retirements.....	311,759.27	254,165.19
Passenger Train Cars—Repairs.....	935,932.87	1,023,291.28
Passenger Train Cars—Retirements.....	15,439.42	17,350.68
Motor Equipment of Cars—Repairs.....	49,493.28	42,229.47
Motor Equipment of Cars—Retirements.....	1,539.12	
Floating Equipment—Repairs.....	123,140.23	143,931.67
Work Equipment—Repairs.....	225,993.49	218,697.06
Work Equipment—Retirements.....	16,656.54	12,741.05
Miscellaneous Equipment—Repairs.....	18,793.24	44,814.40
Miscellaneous Equipment—Retirements.....	169.31	341.44
Injuries to Persons.....	35,355.86	43,904.23
Insurance.....	21,666.30	10,566.73
Stationery and Printing.....	4,308.58	5,411.51
Other Expenses.....	2,584.68	1,826.05
Maintaining Joint Equipment, Dr.....	4,889.91	5,090.62
Maintaining Joint Equipment, Cr.....	17,818.02	18,903.90
Total.....	<u>\$5,486,924.51</u>	<u>\$6,170,983.94</u>

TRAFFIC EXPENSES

Superintendence.....	\$234,812.64	\$236,636.88
Outside Agencies.....	338,485.45	359,434.30
Advertising.....	156,778.67	194,544.32
Radio.....	47,398.67	56,688.32
Traffic Associations.....	11,414.60	10,476.92
Industrial Bureaus.....	14,907.75	14,165.79
Colonization, Agriculture and Natural Resources.....	12,803.63	18,776.35
Insurance.....	30.00	34.08
Stationery and Printing.....	50,404.49	42,474.12
Other Expenses.....	18,945.25	19,455.22
Total.....	<u>\$885,981.15</u>	<u>\$952,686.30</u>

TRANSPORTATION EXPENSES

	Year ending December 31, 1931	Year ending December 31, 1930
Superintendence.....	\$561,918.78	\$586,449.83
Dispatching Trains.....	195,276.59	209,159.46
Station Employees.....	2,253,160.61	2,514,102.54
Weighing, Inspection and Demurrage Bureaus.....	5,847.09	6,301.76
Station Supplies and Expenses.....	235,424.29	261,037.20
Yardmasters and Yard Clerks.....	153,083.96	181,401.54
Yard Conductors and Brakemen.....	494,849.32	577,128.59
Yard Switch and Signal Tenders.....	98,895.27	97,193.24
Yard Enginemen.....	338,216.65	397,481.47
Fuel for Yard Locomotives.....	385,914.29	458,733.87
Water for Yard Locomotives.....	13,422.98	12,909.84
Lubricants for Yard Locomotives.....	2,863.30	3,296.67
Other Supplies for Yard Locomotives.....	2,802.32	2,814.30
Enginehouse Expenses—Yard.....	163,370.39	184,131.93
Yard Supplies and Expenses.....	20,730.13	20,682.51
Operating Joint Yards and Terminals, Dr.....	6,257.30	10,515.18
Operating Joint Yards and Terminals, Cr.....	131,725.47	147,800.56
Train Enginemen.....	1,258,559.45	1,527,092.43
Train Motormen.....	37,925.49	24,423.16
Fuel for Train Locomotives.....	2,551,646.28	3,055,688.94
Train Power Purchased.....	8,405.02	8,807.89
Water for Train Locomotives.....	100,832.44	107,667.02
Lubricants for Train Locomotives.....	35,068.71	42,677.94
Other Supplies for Train Locomotives.....	23,808.95	29,928.92
Enginehouse Expenses—Train.....	576,242.10	648,658.68
Trainmen.....	1,531,615.55	1,824,322.79
Train Supplies and Expenses.....	628,520.20	655,160.95
Operating Sleeping Cars.....	215,663.13	243,091.85
Signal and Interlocker Operation.....	17,173.53	16,259.75
Crossing Protection.....	42,874.27	42,976.22
Drawbridge Operation.....	6,900.10	5,533.64
Telegraph and Telephone Operation.....	618,918.20	662,345.79
Operating Floating Equipment.....	388,616.14	413,121.61
Express Service.....	713,143.57	791,298.02
Stationery and Printing.....	57,254.74	70,184.39
Other Expenses.....	15,206.32	12,374.65
Operating Joint Tracks and Facilities, Dr.....	9,882.95	11,231.11
Insurance.....	5,634.79	5,744.01
Clearing Wrecks.....	42,122.20	63,750.69
Damage to Property.....	12,902.79	15,793.32
Damage to Live Stock on Right of Way.....	6,915.81	7,602.76
Loss and Damage—Freight.....	66,344.36	98,117.24
Loss and Damage—Baggage.....	428.88	1,018.33
Injuries to Persons.....	94,575.67	115,941.13
Total.....	\$13,867,489.44	\$15,876,352.60

MISCELLANEOUS OPERATIONS EXPENSES

	Year ending December 31, 1931	Year ending December 31, 1930
Dining and Buffet Service	\$287,900.24	\$378,877.10
Hotels and Restaurants	5,205.97	
Grain Elevators	22,192.93	21,188.48
Total	<u>\$315,299.14</u>	<u>\$400,065.58</u>

GENERAL EXPENSES

Salaries and Expenses of General Officers	\$150,608.42	\$157,974.84
Salaries and Expenses of Clerks and Attendants	528,031.85	546,236.08
General Office Supplies and Expenses	64,169.85	78,670.31
Law Expenses	71,281.94	69,739.30
Insurance	84.00	20.56
Relief Department Expenses	12,000.00	12,000.00
Pensions	742,737.92	650,739.96
Stationery and Printing	20,956.14	21,864.78
Other Expenses	66,555.55	63,692.35
Total	<u>\$1,656,425.67</u>	<u>\$1,600,938.18</u>

FUNDED DEBT—PRINCIPAL AND INTEREST

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1931	Interest Accrued 1931	Interest Accrued 1930
UNGUARANTEED (BY PROVINCES OR DOMINION:)						
3½% 1st Mtge. Guar. Deb. Bonds...	H. & S.W...	Oct. 1, 1912	Sept.30, 1942	\$4,447,000.00	\$155,645.00	\$155,645.00
4% 1st Mtge. Debenture Stock.....	St.J. & Q...	May 1912	June 1, 1962	2,727,977.40	109,119.10	109,119.10
5% Indebtedness to Prov. of N.B....	Can. Nat...	Sept. 3, 1929	Various.....	2,022,022.60	107,403.45	129,935.73
				<u>\$9,197,000.00</u>	<u>\$372,167.55</u>	<u>\$394,699.83</u>

INTEREST ON DOMINION GOVERNMENT LOANS

		Capital	Deficits			
	Advances to June 30/27.	To June 30/27.				
Halifax & South Western Rly.....	do.	\$2,295,734.10	8,192,432.45	\$10,488,166.55	\$580,362.81	\$580,362.81
Inverness Railway & Coal Co.....	do.	1,887.75	642,743.02	644,630.77	32,651.21	32,651.21
Pictou Lodge.....	do.	85,022.29	.....	85,022.29	4,251.12	4,251.12
Lockport Spur.....	do.	182,961.33	.....	182,961.33	9,148.07	9,148.07
				\$11,400,780.94	\$626,413.21	\$626,413.21

INTEREST ON UNFUNDED DEBT

Canadian National Railway.....	Interest on advances since July 1/27 for Capital Expenditures on Eastern Lines.	\$20,555,851.15	\$934,168.12	\$684,663.69
Miscellaneous.....	Various.....	.....	5,321.85	498.73
			<u>\$939,489.97</u>	<u>\$685,162.42</u>

REVENUE TONNAGE BY COMMODITIES

	Year 1931	Year 1930	Increase or Decrease	
	Tons	Tons	Tons	Percents
PRODUCTS OF AGRICULTURE:				
Wheat.....	91,582	101,756	10,174	10.00
Corn.....	20,708	13,187	7,521	57.03
Oats.....	30,407	40,700	10,293	25.29
Barley.....	8,613	8,205	408	4.97
Rye.....	5,815	147	5,668	3855.78
Flax.....	147	97	50	51.55
Other Grain.....	6,521	2,707	3,814	140.89
Flour.....	162,395	201,089	38,694	19.24
Other Mill Products.....	126,450	127,275	825	.65
Hay and Straw.....	28,987	44,708	15,721	35.16
Cotton.....	691	1,419	728	51.30
Apples (Fresh).....	15,459	26,146	10,687	40.87
Other Fruits (Fresh).....	25,911	28,225	2,314	8.20
Potatoes.....	216,983	280,117	63,134	22.54
Other Fresh Vegetables.....	25,703	24,895	808	3.25
Other Agricultural Products.....	30,204	31,966	1,762	5.51
Total.....	796,576	932,639	136,063	14.59
PRODUCTS OF ANIMALS:				
Horses.....	6,361	8,097	1,736	21.44
Cattle and Calves.....	9,155	10,195	1,040	10.20
Sheep.....	5,978	5,587	391	7.00
Hogs.....	3,169	3,281	112	3.41
Dressed Meats (Fresh).....	16,962	17,568	606	3.45
Dressed Meats (Cured or Salted).....	2,830	3,441	611	17.76
Other Packing House Products.....	15,802	12,795	3,007	23.50
Poultry.....	506	421	85	20.19
Eggs.....	1,027	1,391	364	26.17
Butter and Cheese.....	2,720	15,746	13,026	82.73
Wool.....	1,644	1,469	175	11.91
Hides and Leather.....	2,075	2,178	103	4.73
Other Animal Products.....	1,636	1,728	92	5.32
Total.....	69,865	83,897	14,032	16.73
PRODUCTS OF MINES:				
Anthracite Coal.....	19,411	29,825	10,414	34.92
Bituminous Coal.....	975,972	1,100,442	124,470	11.31
Coke.....	38,317	40,350	2,033	5.04
Iron Ores.....	186	331	145	43.81
Other Ores and Concentrates.....	348	1,555	1,207	77.62
Base Bullion and Matte.....	10,431	5,598	4,833	86.33
Clay, Gravel, Sand and Stone (Crushed).....	400,520	519,686	119,166	22.93
Slate (Dimension or Block Stone).....	9,614	23,035	13,421	58.26
Crude Petroleum.....	.....	274	274	100.00
Asphaltum.....	8,396	7,062	1,334	18.89
Salt.....	27,947	24,728	3,219	13.02
Other Mine Products.....	10,919	13,620	2,701	19.83
Total.....	1,502,061	1,766,506	264,445	14.97
PRODUCTS OF FORESTS:				
Logs, Posts, Poles and Cordwood.....	148,076	338,557	190,481	56.26
Ties.....	7,427	20,689	13,262	64.10
Pulpwood.....	357,415	676,553	319,138	47.17
Lumber, Timber, Box Shooks, Staves and Headings.....	679,827	945,323	265,496	28.09
Other Forests Products.....	12,847	13,892	1,045	7.52
Total.....	1,205,592	1,995,014	789,422	39.57
Carried forward.....	3,574,094	4,778,056	1,203,962	.....

REVENUE TONNAGE BY COMMODITIES—Continued

	Year 1931	Year 1930	Increase or Decrease	
	Tons	Tons	Tons	Percents
Brought forward...	3,574,094	4,778,056	1,203,962	.....
MANUFACTURES AND MISCELLANEOUS:				
Refined Petroleum and its Products.....	180,015	190,185	10,170	5.35
Sugar	53,494	65,632	12,138	18.40
Iron, Pig and Bloom.....	60,984	69,375	8,391	12.10
Rails and Fastenings.....	4,607	19,128	14,521	75.91
Bar and Sheet Iron, Structural Iron and Iron Pipe.....	60,922	84,620	23,698	28.01
Castings, Machinery and Boilers.....	13,103	25,321	12,218	48.25
Cement.....	63,834	67,194	3,360	5.00
Brick and Artificial Stone.....	41,423	53,865	12,442	23.10
Lime and Plaster.....	52,565	53,205	640	1.20
Sewer Pipe and Drain Tile.....	15,094	12,237	2,857	23.35
Agriculture Implements and Vehicles other than Autos	6,028	10,466	4,438	42.40
Automobiles and Auto Trucks.....	17,019	30,870	13,851	44.87
Household Goods.....	1,684	2,845	1,161	40.81
Furniture	3,166	3,850	684	17.77
Liquor Beverages.....	28,735	28,021	714	2.55
Fertilizer, all kinds	104,674	112,233	7,559	6.74
Paper, Printed Matter and Books.....	137,319	138,702	1,383	1.00
Wood Pulp.....	122,228	113,969	8,259	7.25
Fish (fresh, frozen, cured, etc.).....	36,571	44,944	8,373	18.63
Canned Meats.....	1,177	756	421	55.69
Canned Goods (all canned food products other than Meat)...	22,096	23,738	1,642	6.92
Other Manufactures and Miscellaneous.....	259,781	314,080	54,299	17.20
Merchandise.....	298,734	370,483	71,749	19.37
Total.....	1,585,253	1,835,719	250,466	13.64
Grand Total.....	5,159,347	6,613,775	1,454,428	21.99

CANADIAN NATIONAL RAILWAYS

COMBINED INCOME STATEMENT

(Including Eastern Lines)

	Year ending December 31, 1931	Year ending December 31, 1930
Railway Operating Revenues.....	\$200,505,162.00	\$250,968,101.60
Railway Operating Expenses.....	199,312,995.43	228,802,429.05
Net Revenue from Railway Operations.....	\$1,192,166.57	\$22,165,672.55
Railway Tax Accruals.....	\$5,774,074.22	\$6,009,439.54
Uncollectible Railway Revenues.....	44,511.96	42,152.42
Railway Operating Income or Deficit.....	\$4,626,419.61	\$16,114,080.59
Revenues from Hotel Operations.....	\$2,951,630.25	\$3,166,972.31
Expenses of Hotel Operations.....	3,028,290.02	3,184,399.33
Taxes on Hotel Property.....	116,650.34	107,641.37
Hotel Operating Income or Deficit.....	\$193,310.11	\$125,068.30
Total Operating Income or Deficit.....	\$4,819,729.72	\$15,989,012.20
Rent from Locomotives.....	\$283,704.24	\$229,012.18
Rent from Passenger-Train Cars.....	285,110.60	279,742.73
Rent from Floating Equipment.....	349.07	1,613.59
Rent from Work Equipment.....	234,523.67	341,718.89
Joint Facility Rent Income.....	1,569,718.21	1,434,792.27
Income from Lease of Road.....	39,012.20	45,204.80
Miscellaneous Rent Income.....	1,057,624.74	1,057,141.70
Miscellaneous Non-operating Physical Property.....	124,648.29	236,167.57
Dividend Income.....	600,497.40	1,067,172.40
Income from Funded Securities.....	1,255,900.48	1,080,208.21
Income from Unfunded Securities and Accounts.....	3,028,670.17	2,839,947.14
Income from Sinking and Other Reserve Funds.....	1,106,732.97	1,039,592.66
Contributions from Others.....	100,000.00	100,000.00
Miscellaneous Income.....	1,110,970.33	203,112.43
Total Non-operating Income.....	\$10,797,462.37	\$9,955,426.57
Gross Income.....	\$5,977,732.65	\$25,944,438.77
Hire of Freight Cars—Debit Balance.....	\$693,381.02	\$1,929,320.82
Rent for Locomotives.....	114,523.15	53,313.51
Rent for Passenger-Train Cars.....	350,068.84	379,037.81
Rent for Floating Equipment.....	13,616.45	13,654.36
Rent for Work Equipment.....	34,842.23	24,087.49
Joint Facility Rents.....	2,097,901.73	1,929,951.21
Rent for Leased Roads.....	1,328,621.76	1,310,059.82
Miscellaneous Rents.....	309,744.03	319,352.89
Miscellaneous Tax Accruals.....	113,773.73	120,141.30
Separately Operated Properties—Loss.....	1,805,340.88	880,290.09
Interest on Unfunded Debt.....	1,362,972.78	2,288,899.14
Amortization of Discount on Funded Debt.....	852,966.51	690,756.83
Miscellaneous Income Charges.....	2,105,380.24	141,662.30
Miscellaneous Appropriations of Income.....	77,249.20	73,687.85
Total Deductions from Gross Income.....	\$11,260,382.55	\$10,154,215.42
Net Income or Deficit before Interest on Long Term Debt and Interest on Dominion Government Loans.....	\$5,282,649.00	\$15,790,223.35
Interest on Long Term Debt.....	55,587,145.02	51,317,537.32
Net Income Deficit before Interest on Dominion Government Loans.....	\$60,869,794.02	\$35,527,313.97
Interest on Dominion Government Loans.....	32,643,624.25	32,693,875.74
Net Income Deficit.....	\$93,513,419.17	\$68,221,189.71

CANADIAN NATIONAL RAILWAYS

COMBINED PROFIT AND LOSS

(Including Eastern Lines)

Year ending
December 31, 1931

CREDITS:

Profit on Road and Equipment Sold	\$45,721.82
Unrefundable Overcharges	4,929.45
Donations	64,632.26
Miscellaneous Credits	803,828.34
	\$919,111.87

DEBITS:

Surplus applied to Sinking and Other Reserve Funds	\$1,906.00
Surplus Appropriated for Investment in Physical Property	14,193.19
Miscellaneous Appropriations of Surplus	52,306.47
Loss on Retired Road and Equipment	2,642,396.37
Miscellaneous Debits	802,654.60
Adjustment of Land Surplus Account	3,171,728.31
	\$6,681,372.94

Net Profit and Loss Items <i>Debit</i>	\$5,762,261.07
Net Income <i>Deficit</i>	60,869,794.92

	\$66,632,055.99
Interest on Dominion Government Loans	\$32,643,624.25
	\$99,275,680.24

OPERATED MILEAGE DECEMBER 31, 1931
COMBINED MILEAGE STATEMENT
"EASTERN LINES" and "SYSTEM LINES"

Territory	Mileage owned by Constituent Companies				Mileage of Lines under Lease or Contract		Mileage of Trackage Rights				Total Road Mileage				Spurs, Sidings and Yard Tracks
	1st Main Track	2nd Main Track	3rd Main Track	4th Main Track	1st Main Track	2nd Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th & Other Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th & Other Main Track	
	Miles	Miles	Miles	Miles	Miles	Miles	Miles	Miles	Miles	Miles	Miles	Miles	Miles	Miles	Miles
"Eastern Lines"	3253.40	45.82			6.41		82.56				3342.37	45.82			863.14
"System Lines"	19436.36	1202.70	24.20	8.69	910.00	13.63	191.88	75.46	3.49	5.09	20538.24	1291.79	27.69	13.78	6254.56
Total Mileage	22689.76	1248.52	24.20	8.69	916.41	13.63	274.44	75.46	3.49	5.09	23880.61	1337.61	27.69	13.78	7117.70



